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LISTING STATEMENT NO. 2386.

LISTED AUGUST 5, 1969.

4,428,702 Common shares of \$1 par value.

Stock Symbol "WBI".

Post Section 5.1.

Dial Quotation No. 2286.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

WESTBURNE INTERNATIONAL INDUSTRIES LTD.

Incorporated under the Laws of the Province of Alberta
by Certificate of Incorporation dated March 20, 1969.

CAPITALIZATION AS AT JULY 29, 1969.

SHARE CAPITAL

	<u>AUTHORIZED</u>	<u>ISSUED AND OUTSTANDING</u>	<u>TO BE LISTED</u>
2,000,000 Preferred shares of the par value of \$10.00 each issuable in series	\$20,000,000		
Preferred shares designated out of the foregoing as "5% Cumulative Redeemable Convertible Preferred Shares Series "Z"	\$ 500,000 (50,000 shares)	\$ 495,000 (49,500 shares)	Nil
Common shares of the par value of \$1.00 each	\$10,000,000 (10,000,000 shares)	\$4,034,411 (1) (3) (4,034,411 shares)	\$4,428,702 (4,428,702 shares) (2) (3)
FUNDED DEBT —Issued by subsidiary corporations			
7% Sinking Fund Debentures, Series "A" due March 15, 1987	\$ 4,500,000	\$4,275,000	Nil
7% Sinking Fund Debentures, Series "B" due August 1, 1982	\$ 600,000	\$ 560,000	Nil
8½ % Sinking Fund Debentures, Series "C" due March 31, 1989	\$ 1,000,000	\$1,000,000	Nil

SHARE PURCHASE WARRANTS

Series A Share Purchase Warrants expiring March 15, 1977, to purchase Common shares at \$6.00 per share	179,624 warrants	179,624 (4) warrants	179,624 warrants
Series B Share Purchase Warrants expiring March 31, 1979, to purchase Common shares at \$14.00 per share	15,000 warrants	15,000 warrants	Nil

Note (1): does not include 728,980 Common shares owned by subsidiary corporations which are eliminated on consolidation of accounts.

Note (2): of which 394,291 shares are subject to issuance.

Note (3): assuming 100% acceptance of exchange offers described in annexed Information Circular, of which at least 4,226,223 Common shares will be outstanding on request being made for trading of Common shares of the Company.

Note (4): assuming 100% acceptance of exchange offer described in annexed Information Circular.

July 29, 1969.

WESTBURNE INTERNATIONAL INDUSTRIES LTD. (herein called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 4,428,702 Common shares without par value in the capital stock of the Company of which not less than 3,497,243 Common shares will have been issued and are to be outstanding in the hands of the public as fully paid and non-assessable on the date of notification by the Company requesting that its Common shares be called for trading, an additional 202,479 will on such date be either issued or reserved for issuance pursuant to the Exchange Offers described in the Information Circular annexed hereto and forming part hereof which Offers will have become binding on the Company and the remaining 394,291 Common shares included in this application are reserved for issuance as follows:

(a) Reserved for exercise of Series A Share Purchase Warrants until March 15, 1977	179,624
(b) Reserved for exercise of conversion privilege attaching to 5% Cumulative Redeemable Convertible Preferred Shares Series Z during the period January 1, 1973 to January 3, 1979, inclusive	198,000
(c) Reserved for exercise of Series B Share Purchase Warrants until March 31, 1979	15,000
(d) Reserved for exchange of shares of a subsidiary corporation upon the exercise of employee stock option at \$3.81 per share until November 25, 1974	1,667
	<u>394,291</u>

The Company also hereby makes application for the listing on The Toronto Stock Exchange of up to 179,624 Series A Share Purchase Warrants for the purchase of Common shares at a price of \$6.00 per share expiring March 15, 1977, subject to notice of issuance from time to time pursuant to the exchange offer described in the annexed Information Circular, there being at least 80,000 such Series A Purchase Warrants outstanding on the date upon which notice is given by the Company requesting listing for trading.

The Series A Share Purchase Warrants and the Common shares indicated above as outstanding on the date request is made by the Company for trading will be issued pursuant to acceptances respectively of the Company's Offers made March 31, 1969, to the holders of common shares of Commonwealth Petroleum Services Ltd. ("Commonwealth"), the holders of Common shares of United Westburne Industries Limited ("United"), and the holders of Share Purchase Warrants of United as to not less than 90% of the Common shares of Commonwealth and 80% of the Common shares of United in accordance with the provisions thereof. A copy of each such Offer and the Information Circular pertaining thereto are annexed to this application and by this reference are incorporated herein.

2.

HISTORY

The Company was incorporated on March 20, 1969, under the laws of the Province of Alberta, to acquire all the issued and outstanding shares (other than Directors' qualifying shares where applicable) of Commonwealth, incorporated under the Canada Corporations Act, United incorporated under the laws of the Province of Alberta and Trimac Transportation Limited ("Trimac") incorporated under the laws of the Province of Saskatchewan.

3.

NATURE OF BUSINESS

The Company is a holding company whose only assets, other than monies in the Bank on the date of its request for trading of its Common shares will be all of the issued and outstanding shares of the capital stock of Trimac, not less than 1,326,970 (80%) of the issued and outstanding Common shares of United, not less than 740,500 (90%) Common shares of Commonwealth and 9,900 (100%) 5% Cumulative Redeemable Convertible Preferred Shares Series Z of Commonwealth and Warrants of United, all of which securities will be acquired by the Company prior to such request at a simultaneous closing under the Exchange Offers referred to in Item 1 above. Such Offers will continue to remain outstanding to the holders of securities affected thereby until the expiration of at least four months from March 31, whereupon the Company will make application under the legislation applicable to Commonwealth and United respectively for acquisition of those Common shares of such corporations which have not then been tendered in acceptance of such Offers, provided that the conditions of such legislation affecting United shall have then been fulfilled.

4.

INCORPORATION

The Company was incorporated under the laws of the Province of Alberta by Certificate of Incorporation dated March 20, 1969, with an authorized capital of \$30,000,000 divided into 2,000,000 Preferred shares of the par value of \$10.00 each, issuable in series designated by the Directors of the Company from time to time, and 10,000,000 Common shares of the par value of \$1.00 each.

5.

SHARES ISSUED DURING PAST TEN YEARS

Prior to the simultaneous closing under the Exchange Offers only three (3) Common shares were allotted and issued to incorporators of the Company at \$1.00 per share. At such closing the following securities will be

issued as fully paid pursuant to the Exchange Offers and other agreements described on Page 4 of the annexed Information Circular and on Page 12 under the heading "Material Contracts":

- (a) 49,500 5% Cumulative Redeemable Convertible Preferred Shares Series Z pursuant to Share Exchange Agreement dated March 27, 1969, referred to in Paragraph (c) under the heading "Material Contracts" on Page 12 of the Information Circular hereto annexed; and
- (b) 1,048,000 Common shares to the holders of all Preferred and Common share capital of Trimac pursuant to Exchange Agreement dated March 27, 1969, being Paragraph (a) under the heading "Material Contracts" on Page 12 of the Information Circular hereto annexed; and
- (c) Not less than 1,326,990 Common shares to the holders of a like number of United Common shares pursuant to the share exchange take-over bid addressed to United Common shareholders referred to in the said Information Circular; and
- (d) Not less than 1,851,250 Common shares to the holders of at least 740,500 Commonwealth Common shares pursuant to the share exchange take-over bid addressed to Commonwealth Common shareholders described in the Information Circular hereto annexed.

6. STOCK PROVISIONS AND VOTING POWERS

For a detailed description of the capital stock of the Company reference is made to Page 8 of the Information Circular incorporated herein.

7. DIVIDEND RECORD

The Company has not paid any dividend on any of its shares. Regular dividends have not heretofore been paid by any of Commonwealth, United or Trimac on their Common shares; however, regular quarterly dividends have been paid by United in respect of its 6 1/4% Cumulative Redeemable First Preferred "A" shares of the par value of \$50.00 each since issue thereof in 1967 and the first and second quarterly dividends due on April 1 and July 1, 1969, respectively, on the 5% Cumulative Redeemable Convertible Preferred Shares Series Z of Commonwealth were duly paid.

8. RECORD OF PROPERTIES

The Company is a holding company and itself owns no property, plant or equipment other than shares in its subsidiary corporations. A general description of the property, plant and equipment of subsidiary corporations is contained in the Information Circular.

9. SUBSIDIARY COMPANIES

When request is made for trading of Common shares the Company will

- (a) own all of the outstanding Preferred and Common shares of Trimac, a description of which corporation is contained on Pages 19 and 20 of the Information Circular;
- (b) own at least 90% of the outstanding Common shares and all of the outstanding 5% Cumulative Redeemable Convertible Preferred Shares Series Z of Commonwealth, a description of whose business and properties is contained on Pages 16-18 inclusive of the Information Circular;
- (c) own at least 80% of all the outstanding Common shares of United, a description of whose business and properties is contained on Page 15 of the Information Circular.

10. FUNDED DEBT

The Company has issued no funded indebtedness; however, United has outstanding the following funded obligations all issued under Deed of Trust and Mortgage dated as of March 15, 1967, and Indenture supplemental thereto respectively dated March 15, 1968, and March 31, 1969, constituting a first floating charge upon the undertaking and all properties and assets of United, namely:

- (i) 7% Sinking Fund Debentures Series "A" due March 15, 1987, in the principal amount of \$4,275,000.00; and
- (ii) 7% Sinking Fund Debentures Series "B" due August 1, 1982, in the principal amount of \$560,000.00; and
- (iii) 8 1/2% Sinking Fund Debentures, Series "C" due March 31, 1989, in the principal amount of \$1,000,000,

particulars of which and of the Sinking Fund pertaining thereto respectively are set forth in Note (5) and Note (12) of the Notes to Consolidated Financial Statements on Pages 33 and 34 of the Information Circular.

11. OPTIONS, UNDERWRITINGS, ETC.

- (a) There are no underwriting agreements outstanding nor are there any issued shares of the Company held for the benefit of the Company saving and except only the aforesaid 728,980 Common shares of the Company owned by subsidiary corporations and in respect of which no application is being made for listing such shares being regarded by the Company on a consolidated basis as if held in its treasury.

(b) 179,624 Common shares are reserved for the exercise of Series A Share Purchase Warrants of the Company issued and to be issued pursuant to Exchange Offer above mentioned which warrants are exercisable until March 15, 1977, in respect of Common shares of the capital stock of the Company at an exercise price of \$6.00 per share.

(c) 15,000 Common shares are reserved for the exercise of Series B Share Purchase Warrants issued and to be issued pursuant to Exchange Offer above mentioned which warrants are exercisable until March 31, 1979, in respect of Common shares of the capital stock of the Company at an exercise price of \$14.00 per share.

(d) An employee of United holds an option to acquire 1,667 Common shares of United at \$3.81 per share exercisable until November 25, 1974, and the Company had indicated to such employee that upon exercise of such option it is prepared to exchange Common shares of the Company for Common shares of United on the basis of one Common share of the Company for each Common share of United so exchanged by such employee. Such offer is not otherwise documented except as set forth in the Information Circular on Page 4 under the heading "Summary Description of Offers" and Note (5) to the capitalization table on Page 8.

(e) 198,000 Common shares are reserved for exercise of the conversion privilege attaching to the 49,500 outstanding 5% Cumulative Redeemable Convertible Preferred Shares Series Z of the Company, such conversion privilege being exercisable during the period January 1, 1973, through to and including January 1, 1979, the basis of conversion being four Common shares for each Preferred share so converted.

12.

LISTING ON OTHER STOCK EXCHANGES

Common shares and Series A Share Purchase Warrants of the Company are being listed contemporaneously on the Montreal Stock Exchange.

13.

STATUS UNDER SECURITIES ACTS

The Company's share exchange take-over bids, together with the Information Circular herein before mentioned have been filed with the Securities Commissions in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, but no other filing or registration in respect of securities of the Company has been made.

14.

FISCAL YEAR

The fiscal year of the Company ends on March 31, in each year.

15.

ANNUAL MEETINGS

The Articles of Association of the Company provide that the Annual Meeting of the Company shall be held at the head office of the Company or at such other place as the Directors may determine, the first such Annual Meeting to be held within sixteen months from the date of incorporation and subsequent annual meetings to be held at least once in every calendar year, and not more than sixteen months after the holding of the preceding Annual General Meeting. No Annual Meeting of Shareholders of the Company has as yet been held.

16.

HEAD AND OTHER OFFICES

The head office of the Company is situated at Suite 200, 706-7th Avenue S.W., Calgary 2, Alberta, Canada. The Company has no other offices.

17.

TRANSFER AGENT

The Registrar and Transfer Agent for Common shares of the capital stock of the Company is Montreal Trust Company at its principal office in the Cities of Vancouver, Calgary, Regina, Winnipeg, Toronto, and Montreal. Montreal Trust Company at its same offices acts as Trustee in respect of Series A Share Purchase Warrants and at its Calgary, Alberta, office only acts as Trustee in respect of Series B Share Purchase Warrants of the Company. The Company itself acts as Registrar and Transfer Agent in respect of its 5% Cumulative Redeemable Convertible Preferred Shares Series Z.

18.

TRANSFER FEE

No fee is charged on stock transfers other than customary government stock transfer taxes where applicable.

19.

REGISTRAR

As indicated under Item 17, Montreal Trust Company acts as Registrar of Common shares of the capital stock of the Company. Certificates for Common shares are mutually interchangeable on all share registrars.



INFORMATION CIRCULAR

FURNISHED BY

WESTBURNE INTERNATIONAL INDUSTRIES LTD.

TO THE SHAREHOLDERS

OF

UNITED WESTBURNE INDUSTRIES LIMITED

AND

COMMONWEALTH PETROLEUM SERVICES LTD.

AND

TRIMAC TRANSPORTATION LIMITED

AND TO THE HOLDERS OF

SHARE PURCHASE WARRANTS

OF

UNITED WESTBURNE INDUSTRIES LIMITED

No dealer, salesman or any other person has been authorized to give any information or to make any representation other than those contained in this circular and if given or made such information or representation must not be relied upon as having been authorized by the Company. Neither the delivery of this circular nor any exchange of securities made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Company since the date hereof.

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INTRODUCTION AND SUMMARY

Westburne International Industries Ltd. is a newly formed company, incorporated by the principal shareholders of United Westburne Industries Limited, Commonwealth Petroleum Services Ltd. and Trimac Transportation Limited, as a holding company to merge the operations of these companies.

Upon completion of the proposed share exchanges described herein Westburne International will be operating three subsidiaries involved in the following fields:—

- (a) Wholesaling of plumbing, heating, electrical and related supplies;
- (b) Contract drilling for oil and gas;
- (c) Retailing of oilfield supplies;
- (d) Oil exploration and production, and uranium exploration; and
- (e) Bulk highway transportation of commodities.

Trimac is a private company. An agreement entered into between all the shareholders of Trimac and Westburne International provides for the issue of shares of Westburne in exchange for all the outstanding shares of Trimac subject to the fulfillment of certain conditions.

Although Commonwealth is a public company whose common shares are traded on the Toronto Stock Exchange, more than 84% of the common shares are owned by its President, John A. Scrymgeour, and the Estate of its late Vice-President, W. H. Atkinson. Both Mr. Scrymgeour and the Estate have agreed to deposit their shares in acceptance of the offers described herein.

United is a public company. Its common shares and share purchase warrants have been traded on the Toronto and Montreal Stock Exchanges for a number of years. More than 50% of its common shares are held collectively by Commonwealth and by the management of Commonwealth and United. Both Commonwealth and the management just referred to have indicated their intention of depositing their shares in acceptance of the offer by Westburne International.

The Directors of United and of Commonwealth have recommended the acceptance of the exchange offers being made by Westburne International.

This Booklet and Information Circular contains:—

- (a) A general description of the exchange offers and merger agreements — Pages 4 to 6;
- (b) A description of Westburne International — Pages 7 to 14;
- (c) A description of United — Page 15;
- (d) A description of Commonwealth — Pages 16 to 18;
- (e) A description of Trimac — Pages 19 to 21;
- (f) A map depicting geographical extent of the operations of Westburne International — Page 21;
- (g) The Financial Statements of United, Commonwealth, Trimac and Westburne International — Pages 23 to 38.

Acceptance of the offer made to you by Westburne International, may be made by forwarding your certificates, together with the letter of transmittal directly to any office of Montreal Trust Company or to your investment dealer. We invite you to read the Information Circular and direct your attention in particular to the instructions on the acceptance letter.

Calgary, Alberta
March 31, 1969.

WESTBURNE INTERNATIONAL INDUSTRIES LTD.

“J. R. McCaig”
President

WESTBURNE INTERNATIONAL INDUSTRIES LTD.

SUMMARY DESCRIPTION OF OFFERS

THIS INFORMATION CIRCULAR ACCOMPANIES:

- (1) an offer by Westburne International Industries Ltd. ("Westburne") to acquire all the common shares of United Westburne Industries Limited ("United") in exchange for Westburne common shares on the basis of one fully paid common share of Westburne for each outstanding common share of United; and
- (2) an offer by Westburne to acquire all the Share Purchase Warrants of United issued under Indenture dated March 15, 1967 in exchange for Westburne Series A Share Purchase Warrants on the basis of one Series A Share Purchase Warrant of Westburne for each Share Purchase Warrant of United, such Series A Purchase Warrants of Westburne to be exercisable in respect of Westburne common shares at the same price and to have substantially the same terms and attributes as the existing Warrants of United are exercisable in respect of common shares of United; and
- (3) an offer to the proposed holder of all United's Series B Share Purchase Warrants, to be issued under Indenture to be dated as of March 31, 1969, for the acquisition of such Series B Share Purchase Warrants by Westburne in exchange for Series B Share Purchase Warrants of Westburne exercisable in respect of a like number of Westburne common shares at the same price and having substantially the same terms and attributes as the United Series B Share Purchase Warrants are exercisable in respect of common shares of United.
- (4) an offer by Westburne to acquire all the common shares of Commonwealth Petroleum Services Ltd. ("Commonwealth") in exchange for Westburne common shares and cash on the basis of two and one-half (2½) common shares of Westburne plus Four Dollars (\$4.00) in cash for each outstanding common share of Commonwealth.

Each of the foregoing offers is conditional upon acceptance of the offer to acquire common shares of Commonwealth by holders of at least ninety percent (90%) of the common shares of Commonwealth, and the acceptance of the offer to acquire common shares of United by the holders of at least eighty percent (80%) of the common shares of United and is also conditional upon the acquisition by Westburne of all the outstanding common shares of Trimac Transportation Limited ("Trimac"). The offer to acquire share purchase warrants of United is conditional upon the other two offers becoming effective and binding upon Westburne.

To form a rational basis for the fulfilment of such conditions Westburne has entered into agreements respectively dated March 27, 1969 (the "merger agreements"), as follows:

- (a) with the holders of all outstanding common and preferred shares of Trimac for the acquisition of such shares in consideration of the allotment and issue as fully paid of 1,048,000 Westburne common shares subject to the acquisition by Westburne of at least ninety percent (90%) of the outstanding common shares of Commonwealth and at least eighty percent (80%) of the outstanding common shares of United pursuant to the two offers above mentioned; and
- (b) with the holders of 9,900 outstanding 5% Cumulative Redeemable Convertible Preferred Shares, Series Z of Commonwealth, for the acquisition of such shares by Westburne in consideration of the allotment as fully paid of a like aggregate par value of 5% Cumulative Redeemable Convertible Preferred Shares, Series Z of Westburne conditional on the acquisition by Westburne of at least ninety percent (90%) of the outstanding common shares of Commonwealth, eighty percent (80%) of the outstanding common shares of United and all of the outstanding common and preferred shares of Trimac.

Contemporaneously with the initial acquisition of common shares of Commonwealth and United under the above mentioned offers Westburne will also offer to exchange its common shares for a like number of common shares of United which may be issued on the exercise of employee incentive stock option held by an officer of United, in respect of an aggregate of 1,667 common shares of United, such offer to remain open for acceptance until the expiration of one month next after expiration of the option, namely November 25, 1974.

PURPOSE OF OFFERS AND PLAN OF ACQUISITION

Background for Share Exchange Offers

Consistent with its policy of consolidation of its total corporate structure, Commonwealth during 1968 commenced preliminary discussions with United (an affiliated corporation in which Commonwealth owns approximately 44% of the outstanding common shares), with a view to reaching a mutually acceptable basis for merger of the two entities. During the course of these discussions, Commonwealth was approached by Trimac, a Calgary based trucking organization carrying on business, through subsidiaries, in central and western Canada, with a proposal to discuss the feasibility of merging the Trimac and the Commonwealth group of companies, including United. The principal shareholders of Trimac desired to convert their shareholdings into securities of a public corporation either through the issuance of their own company shares to the public or by merger into an existing public corporation on a basis that would not result in their loss of identification with or interest in the business they had created. Agreement in principle was reached and announced early in December of 1968, however, it became apparent early in 1969 that the objectives of each entity and their shareholders would best be accomplished in the manner now contemplated, namely the creation of a new entity, Westburne, and the acquisition by it as set out herein of all outstanding shares of Trimac in consideration of the issuance of 1,048,000 common shares of Westburne, and the acquisition by Westburne of all outstanding shares of Commonwealth and all outstanding common shares of United by making a contemporaneous "share exchange take-over bid" to firstly all Commonwealth common shareholders for the purchase of their shares partly for shares of Westburne and partly for cash, and secondly, a "share exchange take-over bid" to all holders of United common shares and Share Purchase Warrants for exchange of their holdings of such securities for like securities of Westburne.

Purpose of Offers

If, and when, the offers mentioned above become binding upon Westburne each of Commonwealth, United and Trimac will then become subsidiaries of Westburne. It is anticipated that the combination of the three entities into one corporate organization will strengthen their collective earning capacities, financial resources and respective managements.

Plan for Merger of Operations

It is not contemplated that any of the executives of any of the three offeree corporations will cease to be active in its management as a result of implementation of the plan. The Board of Directors of Westburne, however, is comprised largely of directors now represented on the Boards of Directors of the offeree corporations. The management of Westburne will consist of personnel drawn from the three groups.

Soliciting Dealer Group

By letter of agreement dated March 24, 1969 Westburne has engaged Nesbitt Thomson and Company, Limited to form a soliciting dealer group to procure acceptances of the exchange offers described herein. Pursuant to such agreement, Westburne has agreed to pay Nesbitt Thomson and Company, Limited a fee of \$40,000 for its services thereunder plus 20 cents in respect of each common share of United, 17 cents in respect of each Share Purchase Warrant of United and 25 cents in respect of each common share of Commonwealth the deposit of which with the Montreal Trust Company pursuant to the exchange offers shall have been procured by any of such dealers. Such fees are payable with respect to acceptances solicited from other than shareholders and Share Purchase Warrant holders residing in the U.S.A., excluding, however, certain specifically named shareholders which include all the principal shareholders herein mentioned and officers, directors and employees of United, Commonwealth and Trimac.

Expenses of Offers and Financial Arrangements

Legal, auditing, printing, solicitation and miscellaneous expenses related to these offers are estimated to amount to \$200,000 which will be borne by Westburne, however, in the event the offers do not become binding on Westburne, each of Commonwealth, United and Trimac have agreed to assume such expenses in equal shares.

ACCEPTANCE BY CERTAIN SHAREHOLDERS ASSURED

Commonwealth has indicated to Westburne that it will tender or cause to be tendered in acceptance of Westburne's purchase offer all of the common shares of United owned or controlled by Commonwealth and its subsidiary corporations representing in the aggregate 728,980 common shares of United being approximately 44% of United's outstanding common shares. The 728,980 common shares of Westburne so issued to Commonwealth and its subsidiaries will be outstanding shares but will not be voted at any meeting of Westburne shareholders held for the election of Westburne directors so long as such shares remain the property of any subsidiary of Westburne. Such shares will be eliminated in presenting consolidated financial statements of Westburne and its subsidiary corporations.

In addition, John A. Scrymgeour and F. R. Matthews, Q.C., in their personal capacities and also as the Executors of the Estate of W. H. Atkinson, deceased, have indicated to Westburne that upon the making by Westburne of its offers to acquire common shares of Commonwealth and United they will collectively tender, or cause to be tendered, in acceptance of such offers all common shares of United and of Commonwealth owned or controlled by them respectively being in the aggregate 695,645 Commonwealth common shares (84%) and 22,752 United common shares (1.4%) not included in Commonwealth's holdings of United's common shares. Messrs. Scrymgeour and Matthews are directors of Westburne, Commonwealth and United; Mr. Scrymgeour is Chairman of the Board of Westburne and is President of Commonwealth.

Other directors and senior officers of United and of Commonwealth, respectively holding in the aggregate 34,110 Commonwealth common shares (4%) and 124,849 United common shares (7%), have indicated their intention of accepting the Westburne offers.

As a result of the merger agreements referred to on page 4 and indications of acceptance above mentioned, Westburne is assured of obtaining acceptance with respect to its offers as follows:

Commonwealth

729,755 Common shares or 88% of outstanding common shares;
9,900 Preferred Shares, Series Z or 100% of then outstanding preferred shares;

United

876,581 Common Shares or 52.5% of outstanding common shares;

In addition all of the outstanding shares of all classes of the capital stock of Trimac will be acquired by Westburne subject only to the fulfillment of the conditions of the agreement dated March 27, 1969 above mentioned.

COMPULSORY ACQUISITION OF SHARES BY WESTBURNE FROM DISSENTING SHAREHOLDERS

Under the provisions of Section 128 of the Canada Corporations Act applicable to Commonwealth and its shareholders and also under the provisions of Section 138 of the Alberta Companies Act applicable to United and its shareholders, upon the acceptance within four months from the offering date (March 31, 1969) by the holders of 90% of the common shares of United and by the holders of 90% of the common shares of Commonwealth of the offers made by Westburne for the acquisition of all common shares of such corporations, then Westburne will be in a position by giving the notice stipulated under the foregoing statutory provisions to acquire all the common shares of Commonwealth and of United not theretofore tendered in acceptance of the offers by payment of the consideration offered to the issuer of such shares, Commonwealth or United as the case may be, in trust for the

registered holder thereof. Under such statutory provisions any holder of such shares objecting to such acquisition may, within one month after receipt of such notice from Westburne, refer the matter to a Judge of the Supreme Court of Alberta for a ruling on the ability in the circumstances of Westburne to compel the transfer to it in the share register of Commonwealth or United, as the case may be, of any such shares owned by the objecting shareholder.

Westburne has indicated in its offers to shareholders of both United and Commonwealth respectively that it intends to invoke the statutory provisions mentioned to acquire all of the outstanding common shares of both such corporations. In the circumstances the effect of all the foregoing offers and the merger agreements, together with successful application by Westburne of the statutory acquisition provisions mentioned, would in due course be that Commonwealth, United and Trimac will be wholly owned subsidiaries of Westburne excepting only for

- (a) the minority interest attributable to the holders of 6 1/4 % Cumulative Redeemable First Preferred "A" shares of United outstanding on March 1, 1969 in respect of which no purchase offer is made by Westburne, such preferred shares not being convertible into common shares; and
- (b) the minority interest attributable to existing minority interests in subsidiaries of Commonwealth, United and Trimac, as the case may be; and
- (c) the minority interest in common stock of United which may, at some future time, be created on the exercise of
 - (i) outstanding share purchase warrants of United not acquired by Westburne under its exchange offer above mentioned; and
 - (ii) option to purchase common shares held by an officer of United which are not thereafter exchanged for common shares of Westburne pursuant to Westburne's outstanding offer mentioned above — any transaction by the optionee in respect of that option prior to exercise thereof could have adverse income tax consequences for the optionee.

STOCK EXCHANGE LISTING

Common shares of Commonwealth and of United and share purchase warrants of United are listed for trading on the Toronto Stock Exchange and the common shares and share purchase warrants of United are also listed on the Montreal Stock Exchange. Trimac is a private company and its shares are not listed for trading on any exchange.

The Toronto Stock Exchange and the Montreal Stock Exchange have both indicated that, subject to compliance with certain additional requirements related to the issuance and satisfactory distribution of its common shares pursuant to the share exchange take-over bids mentioned herein, favorable consideration will be given to Westburne's application for listing of its common shares and Series A Share Purchase Warrants of Westburne for trading. It is Westburne's intention that such listing will occur at approximately the same time as certificates for Westburne common shares and Series A Share Purchase Warrants are first distributed to persons accepting the exchange offers. Contemporaneously with such listing, Westburne will cause both Commonwealth and United to apply to such Stock Exchanges for delisting of their common shares and share purchase warrants from trading.

There is no quoted market price for any shares or the Series A Share Purchase Warrants of Westburne and will be none until issue of its common shares in exchange for common shares of Commonwealth, common shares of United and Share Purchase Warrants of United pursuant to the exchange offers herein described.

Trading History

Commonwealth common shares and United common shares and share purchase warrants traded within the following price ranges during the period June 1, 1968 to March 15, 1969:

Month	United Common Shares			United Warrants			Commonwealth Common Shares		
	High	Low	Volume	High	Low	Volume	High	Low	Volume
June, 1968	\$ 9 1/8	\$ 7 1/2	117,138	\$ 7.25	\$ 4.05	68,482	\$ 7 3/8	\$ 7 3/8	(Odd lot) 25
July, 1968	11	8 3/4	106,094	7.60	6.25	42,869	7 3/4	7 3/4	(Odd lot) 15
August, 1968	9 1/2	8 1/2	37,960	6.80	6.00	15,080	7 1/8	7 1/8	100
September, 1968	12 1/8	8 7/8	178,234	9.00	6.35	63,875	8	8	1,025
October, 1968	14 1/8	11 5/8	155,284	10.50	8.05	94,615	10	10	200
November, 1968	13 7/8	12 1/8	47,816	9.25	8.25	24,485	10	8	1,750
December, 1968	18	13 1/2	104,679	13.00	9.00	69,182	10	10	351
January, 1969	19 1/4	14	97,185	13.25	10.50	30,387	31	25	621
February, 1969	18 1/2	15 1/2	28,347	13.50	11.75	24,920	37	32	775
High and low March 1 to March 15, 1969	17 1/2	14 1/8	14,287	12.75	10.75	4,990			Nil

Status of Offeree Corporations Since December 31, 1968

Except as disclosed in this Information Circular Westburne is not aware of any material change in the financial position or prospects of Commonwealth, United or Trimac since the date of the financial statements of each such corporation made up as of December 31, 1968, appended hereto or since the date of the last published interim financial statements of Commonwealth and United.

DESCRIPTION OF WESTBURNE INTERNATIONAL INDUSTRIES LTD.

General

Westburne International Industries Ltd. ("Westburne" or the "Company") was incorporated on March 20, 1969, under the laws of Alberta as an investment holding company with broad powers in relation to the acquisition and management of subsidiary corporations including, but not limited to Commonwealth, United and Trimac the respective businesses of which are described below.

The head office of the Company is situated at 706 - 7th Avenue S.W., Calgary 2, Alberta.

No shares of the Company other than 3 common shares referred to below under the heading "Principal Holders of Equity Shares" have been issued and no common shares or preferred shares have been reserved or otherwise authorized for issue save and except as set forth herein under the heading "Capitalization."

The business proposed to be transacted by the Company is the holding and management of the three subsidiary corporations proposed to be acquired, namely Commonwealth, United and Trimac and their respective subsidiary corporations. Each of these entities will continue the conduct of its separate business and will enjoy the advantages of unified management and a strong financial base for continued expansion. Westburne directly or through its subsidiaries may acquire and operate other subsidiary corporations.

The contents of this Information Circular have been approved and the delivery hereof with the exchange offers mentioned herein has been authorized by the directors of Westburne. Commonwealth, United and Trimac, with the approval of their respective boards of directors, have supplied the information contained in this circular.

Investment Policy

Westburne will continue to expand its operations in each of the business areas in which Commonwealth, United and Trimac now operate. Investment in other industries may be made when favourable opportunities occur. Each of Commonwealth, United and Trimac in recent months have had discussions with respect to possible acquisitions of other corporate entities in their respective existing field of operations but it is not possible to predict the outcome of such discussions at this time except as disclosed on page 20 under the heading "Events Subsequent to December 31, 1968."

CAPITALIZATION

At the date of this offer, Westburne has neither assets nor liabilities save and excepting \$3.00 in cash and an equal amount of paid up capital in respect of 3 common shares held by its directors and the merger agreements described on page 4.

The following table sets out (i) the pro-forma capitalization of Westburne as at December 31, 1968 (the date of audited financial statements of Commonwealth, United and Trimac appended hereto) assuming for this purpose that Westburne had been incorporated on that date and had acquired all the shares and share purchase warrants of Commonwealth, United and Trimac affected by the exchange offers and merger agreements above mentioned; and (ii) the pro-forma capitalization of Westburne as at March 21, 1969 giving effect to transactions entered into by each of the said corporations to that date.

Based on the Pro Forma Consolidated Balance Sheet of the Company and its subsidiaries as at December 31, 1968, with the notes thereto as set forth herein, the Pro Forma Capitalization of the Company and its subsidiaries is as follows:

Designation of Securities	Authorized	Pro Forma Outstanding as at December 31, 1968	Pro Forma Outstanding as at March 21, 1969
CURRENT DEBT SECURED			
Bank Loans - company (1) _____		\$ 3,290,684	\$ 3,290,684
- subsidiaries (2) _____		8,174,766	8,867,377
LONG TERM DEBT SECURED - Subsidiaries			
Bank Loans (3) _____		1,668,000	1,802,000
7% Sinking Fund Debentures, Series "A" due March 15, 1987 (4) _____	\$ 4,500,000	4,275,000	4,275,000
7% Sinking Fund Debentures, Series "B" due August 1, 1982 (4) _____	600,000	560,000	560,000
Other Mortgages and Lien Notes Payable - varying maturities bearing interest at rates from nil to 12% _____		4,581,757	4,083,641
MINORITY INTEREST			
Preferred shares of subsidiaries _____		3,197,250	3,173,500
Common shares and surplus of subsidiaries _____		322,750	322,750
SHARE CAPITAL			
2,000,000 preferred shares of the par value of \$10 each, issuable in series _____	20,000,000		
Preferred shares designated out of the foregoing as 5% Cumulative Redeemable Convertible Preferred Shares Series "Z" _____	500,000 (50,000 shares)	495,000 (49,500 shares)	495,000 (49,500 shares)
Common shares, par value \$1 each _____	10,000,000 (5) (10,000,000 shares)	4,034,411 (6) (4,034,411 shares)	4,034,411 (6) (4,034,411 shares)

NOTES:

- (1) The Company bank loan will be secured by the pledge of all the shares of United Westburne Industries Limited, Trimac Transportation Limited and Commonwealth Petroleum Services Ltd. to be owned by the Company.
- (2) The subsidiaries' bank loans are secured by accounts receivable, investments and production income. One of the subsidiaries has given as additional security to its bankers a floating charge debenture in the principal amount of \$300,000.

- (3) The long term bank loans are secured by accounts receivable, investments and production income. While bank loans are nominally on a demand basis, the subsidiaries have an understanding with their respective banks that the loans are to be repaid and are being so repaid over an extended period of years, in most cases by equal monthly instalments, the longest term of which extends to August 31, 1973.
- (4) The Series "A" and "B" Sinking Fund Debentures are secured by a deed of trust and mortgage dated 15th March 1967 as supplemented by a deed dated 15th March 1968 constituting, inter alia, a first floating charge upon the undertaking and all properties and assets of United Westburne Industries Limited. United holds a commitment for the issue at par, as a private placement, on or before April 9, 1969, of \$1,000,000 principal amount of 8½% Sinking Fund Debentures, Series C, due March 31, 1989, to be secured pari passu by, and issued under the Deed of Trust and Mortgage and deeds supplemental thereto above mentioned. The proceeds of the issue will be added to the working capital of United by retirement of bank loans due within one year.
- (5) (i) 179,624 common shares are reserved for issue upon the exercise of 179,624 Series A Share Purchase Warrants until March 15, 1977 for a cash consideration of \$6.00 per share; (ii) 198,000 common shares are reserved for issue upon the conversion of 49,500 5% Cumulative Redeemable Convertible Preferred Shares Series Z from January 1, 1973 to January 1, 1979; and (iii) 1,667 common shares are reserved for future exchange for a like number of United common shares which may be issued upon the exercise of an employee stock option for a consideration of \$3.81 per share until November 25, 1974. 15,000 additional common shares will be reserved for issuance upon the exercise of 15,000 Series B Share Purchase Warrants until March 31, 1979 for a cash consideration of \$14.00 per share. These warrants are to be exchanged for United Series B Share Purchase Warrants to be attached to the Series C Sinking Fund Debentures referred to in Note 4 above.
- (6) 4,763,391 common shares will be issued and outstanding under the provisions of the offers referred to herein. However, 728,980 of such common shares will be owned by Commonwealth and its subsidiary companies and are eliminated upon consolidation.

DESCRIPTION OF CAPITAL STOCK OF WESTBURN

Common Shares – holders of Westburne's common shares are entitled to one vote for each share held at meetings of shareholders and to dividends as and when declared by the Board of Directors but subject to the prior rights of outstanding preferred shares. There are no pre-emptive rights attaching to the common shares nor is there cumulative voting for directors so that holders of 50% of votes at a meeting of shareholders at which directors are elected may elect all the directors.

5% Convertible Preferred Shares Series Z – holders of Westburne's 5% Convertible Preferred Shares Series Z ("Series Z Preferred Shares") are entitled to fixed cumulative annual dividends at the rate of 5% of the amount paid up thereon and to return of capital paid up thereon in the event of liquidation in priority to any payment of dividends or return of capital to holders of other shares, including common shares, ranking junior to the preferred shares, but are not entitled to any other participation in the profits or assets of Westburne. In the event of failure of Westburne to pay eight quarterly dividends on the Series Z Preferred Shares then the holders of such shares are entitled to elect two directors to the Board of Directors of Westburne and will continue to be so entitled until all arrears of cumulative dividends on all outstanding preferred shares have been paid. The Series Z Preferred Shares are redeemable at par plus accrued dividends and are convertible into common shares only during the period commencing January 1, 1973 through to and including December 31, 1979 on the basis of four common shares \$1 par value for each Series Z Preferred Share so converted.

Series A Share Purchase Warrants – holders of Westburne's Series A Share Purchase Warrants ("Series A Warrants") are entitled to purchase one common share of Westburne of the par value of \$1 for each such warrant at a price of \$6.00 per share if exercised on or before the close of business on March 15, 1977 after which date all Series A Warrants will be void. The Series A Warrants will be issued under an Indenture dated as of March 31, 1969 (the "Series A Warrant Indenture") between Westburne and Montreal Trust Company as Trustee for the holders of Series A Warrants which contains provisions to the effect that if there is hereafter (a) any reduction in the number of common shares of Westburne due to consolidation thereof, or (b) any increase in the number of such common shares due to subdivision thereof, a proportionate adjustment shall be made in the purchase price and in the number of common shares of Westburne issuable pursuant to the exercise of the Series A Warrants subsequent to any such change in the number of common shares becoming effective.

The Series A Warrant Indenture contains other provisions to the effect that if Westburne, at any time, issues any common shares pursuant to the exercise of "rights" to subscribe for, or of share purchase warrants to purchase, common shares, or of any options (excluding options under employee stock option plans) for the purchase of common shares, or pursuant to the conversion of any securities convertible into or exchangeable for common shares, and the consideration per share for which common shares are issued pursuant to the exercise of such rights, share purchase warrants, options, or pursuant to the conversion or exchange of convertible or exchangeable securities, as the case may be, is less than the purchase price in effect immediately prior to the issuance of such common shares, then the said purchase price shall be adjusted in the manner set forth in the Series A Warrant Indenture so as to protect the rights of the holders of the Series A Warrants against dilution. Westburne will at all times reserve sufficient unissued common shares to satisfy the exercise of the Series A Warrants.

The Series A Warrant Indenture provides that Westburne shall not be required to issue fractional common shares upon exercise of Series A Warrants, but shall, at its option, in lieu of delivering a fractional common share, either adjust such fractional interest by payment of an amount in cash equal to the current market value of such fractional interest or issue a scrip certificate of Westburne in respect of such fractional interest, which scrip certificate when surrendered to Westburne's transfer agent together with similar scrip certificates representing in the aggregate the right to subscribe for at least one full common share, shall, upon payment of the purchase price, be exchangeable for a share certificate or share certificates for the number of full common shares called for by all the scrip certificates so surrendered. Such scrip certificates shall become void on such date not less than two (2) years after the date of issue thereof as shall be determined by the Board of Directors of Westburne and stated in such scrip certificates.

Series B Share Purchase Warrants – holders of Westburne's Series B Share Purchase Warrants ("Series B Warrants") will be entitled to purchase one common share of Westburne of the par value of \$1 for each such Warrant at a price of \$14.00 per share if exercised on or before the close of business on March 31, 1979 after which date all Series B Warrants will be void. The Series B Warrants will be issued under a Warrant Indenture dated as of

March 31, 1969, between Westburne and Montreal Trust Company containing provisions substantially the same as the Series A Warrant Indenture.

DIVIDEND POLICY

There are no arrears of dividends on any of the outstanding preferred shares of United, Commonwealth or Trimac. No regular dividends on common shares have been paid within the last five years by any of Westburne, Commonwealth, United or Trimac. Westburne presently expects to retain any earnings to finance the development and expansion of its business and that of its subsidiaries. The payment of dividends on the common shares of Westburne will ultimately be determined by the Board of Directors of Westburne on the basis of earnings, financial requirements and other relevant factors.

DETAILS OF INTERIM FINANCING

In order to provide funds aggregating \$3,290,684 required by the Company for purchase of all outstanding shares of Commonwealth under the purchase offer relating to such shares, the Company has negotiated a loan from a Canadian chartered bank repayable on demand and bearing a fluctuating interest rate set at $\frac{3}{4}$ of 1% over the bank's current prime rate of interest and to be secured by pledge of shares of the Company's subsidiary corporations. It is expected that such loan will be repaid before the end of 1969 out of the proceeds of an issue of securities of the Company, however, no negotiations with any underwriters have been initiated for such issue. It may be assumed that the net cost to the Company of long term financing will be greater than the interest cost of the bank loan.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

All of the 10,000 outstanding 5% Cumulative Redeemable Convertible Preferred Shares Series Z of the par value of \$50.00 (the "Commonwealth Series Z Preferred Shares") of Commonwealth were originally issued to either officers, directors or employees of Commonwealth or of its subsidiary or affiliated corporations, including United. By instruments in writing dated March 27, 1969, holders of 9,900 Commonwealth Series Z Preferred Shares agreed to exchange such shares for a like aggregate par value of Westburne's 5% Cumulative Redeemable Convertible Preferred Shares Series Z ("Westburne Series Z Preferred Shares"). Notice of redemption on April 5, 1969 of its remaining 100 Commonwealth Series Z Preferred Shares has been given by Commonwealth. Commonwealth Series Z Preferred Shares were allotted on 14th November, 1968 as fully paid in consideration of the promissory note of each subscriber bearing interest at 5% maturing on December 31, 1979, each subscriber agreeing that in the event of his voluntary termination of employment or office with Commonwealth and all related corporate entities then notwithstanding the maturity date of such promissory note, the entire unpaid principal amount thereof would, at the option of Commonwealth, forthwith become due and payable. Payment of the promissory note is secured by pledge of the Commonwealth Series Z Preferred Shares subscribed and Commonwealth has undertaken not to exercise the right of redemption attaching to such shares so long as the subscriber remains in the employment of Commonwealth or its related corporate entities. The Westburne Series Z Preferred Shares to be issued under the Exchange Agreement mentioned above are identical in all respects to the Commonwealth Series Z Preferred Shares, excepting only that the conversion rate of 5 common shares for each such \$50.00 par value preferred share of Commonwealth tendered for conversion is altered to 4 common shares of Westburne for each \$10.00 par value Westburne Series Z Preferred Share tendered for conversion.

Of the 49,500 Westburne Series Z Preferred Shares so proposed to be outstanding, 25,000 such shares will be issued to directors and senior officers of Westburne as a group, all of whom are also directors or senior officers of one or more of Commonwealth and United, which will be subsidiary corporations at the time of such issue. All other Series Z Preferred Shares of Westburne to be outstanding will be then held by employees of subsidiary corporations.

On May 14, 1968 Trimac issued as fully paid 87 Class B Common shares for an aggregate consideration of \$258,042 paid by acceptance in full payment of the subscription price of non interest bearing Promissory Notes maturing on May 14, 1983 of the respective subscribers, who were an officer of Trimac and employees of a subsidiary company. The holders of these 87 Class B Common shares will receive for them a total of 71,427 common shares of Westburne in the share exchange with Westburne.

While there is no present proposal for issue of additional preferred shares or for the granting of other stock option incentives to persons who are or will be officers, directors or employees of Westburne and its subsidiary corporations, the provision of such incentives to key personnel as and when the circumstances require may be regarded as consistent with Westburne's management policies.

WESTBURNE MANAGEMENT - DIRECTORS AND OFFICERS

Name	Position	Principal Occupation for Past Five Years
John Alexander Scrymgeour 5929 Elbow Drive Calgary 9, Alta.	Chairman of the Board and Director	President, Commonwealth Petroleum Services Ltd.
John Robert McCaig 2320 Sunset Avenue Calgary 4, Alta.	President and Director	President, Trimac Transportation Limited
Lucien Cornez 1755 Laird Boulevard Town of Mount Royal, Que.	Executive Vice-President and Director	President, United Westburne Industries Limited
Reginald Crone 6819 Lowell Court S.W. Calgary 10, Alta.	Vice-President Finance and Director	Vice-President - Finance, Trimac Transportation Limited

Name	Position	Principal Occupation for Past Five Years
William Jackson Cummer 2612 Lindstrom Dr. S.W. Calgary, Alta.	Secretary-Treasurer	Treasurer, Commonwealth Petroleum Services Ltd. and/or its subsidiary General Petroleum Drilling Ltd.
Donald Mervyn Graves 248 Haddon Road S.W. Calgary, Alta.	Controller	Controller, Commonwealth Petroleum Services Ltd. since August 1968; prior thereto engaged in public accounting practice, as petroleum industry accountant and university M.B.A. program.
Thomas Howard Atkinson, M.C. Mount Bruno, Que.	Director	Retired bank executive
Joseph Beaubien 4749 Upper Roslyn Ave. Montreal, Que.	Director	Chairman of the Board, United Westburne Industries Limited
William Melmoth Booth 6174 Krameria Englewood, Colorado U.S.A.	Director	Executive Vice-President and Director of Consolidated Oil & Gas, Inc. of Denver, Colorado since October 1968; prior to that date President of Commonwealth Drilling Ltd. and a Director of Commonwealth.
Francis Richard Matthews, Q.C. 4612 - 5th St. S.W. Calgary, Alta.	Director	Barrister, Partner, MacKimmie, Matthews, Wood, Phillips & Smith, Calgary, Alta.
Roger Woodrow McCaig 13 Turnbull Place Regina, Saskatchewan	Director	Director, Trimac Transportation Limited President of Redi-Mix Ltd., Regina, Saskatchewan
Abraham Palmer 963 Mooney Crescent Ottawa, Ont.	Director	President, Palmers Plumbing Supply Ltd. and Director, United Westburne Industries Limited
Joseph Rimerman 174 Eton Crescent Hampstead, Que.	Director	President, Craig Plumbing & Heating Supplies Company Limited and Director, United Westburne Industries Limited
Maurice Saillant 480 Chemin St. Louis Quebec, Que.	Director	President, Saillant, Inc., Quebec City, Que. and Director, United Westburne Industries Limited
Ronald Donald Southern 67 Massey Place Calgary, Alta.	Director	President, Atco Industries Ltd., Calgary, Alta.
Desmond Neil Stoker 40 Forden Crescent Westmount, Que.	Director	Director - Corporate Finance, Nesbitt, Thomson & Company Limited
Druval W. Westcott 616 South Drive Winnipeg, Man.	Director	President, Engineering & Plumbing Supplies Ltd. and Director, United Westburne Industries Limited

REMUNERATION OF DIRECTORS AND OFFICERS

The amount of aggregate direct remuneration paid or payable by the Company and, separately stated, by each of Commonwealth, United and Trimac to directors as such and to Senior Officers, excluding any applicable directors fees, during (i) the twelve-month period ending December 31, 1968, and (ii) the period January 1, 1969 to February 28, 1969 and (iii) estimated to be paid or payable during the twelve-month period ending December 31, 1969 is as follows:

	Westburne Senior Directors Officers	Commonwealth Senior Directors Officers	United Senior Directors Officers	Trimac Senior Directors Officers
Year end to Dec. 31, 1968	\$ 1,800	\$381,465 ⁽¹⁾	\$214,114	\$1,800 \$248,133
Jan. 1, 1969 to Feb. 28, 1969	Nil	50,900 ⁽¹⁾	Nil	37,533
12 month period ending Dec. 31, 1969 (estimated)	15,000	380,000 ⁽¹⁾	202,000	Nil 225,000
Note (1)—These amounts duplicate amounts paid or payable by one or other of Commonwealth, United or Trimac.				100,000

The estimated cost to each of Westburne, Commonwealth, United and Trimac and their subsidiaries in the twelve month period ending December 31, 1968 for normal pension benefits proposed to be paid to each of the persons whose remuneration is indicated in the above table, assuming retirement at normal retirement age, is as follows:

Westburne	-	Not applicable
Commonwealth	-	\$14,826
United	-	\$ 8,215
Trimac	-	\$ 4,565

No arrangements have been made or are proposed to be made between Westburne and any of the directors or senior officers of Commonwealth or United or Trimac by way of compensation for loss of office or as to their remaining in or retiring from office or otherwise if this offer is successful, no change being anticipated in the board of directors or management of any such corporation or their respective subsidiaries.

PRINCIPAL HOLDERS OF EQUITY SHARES (I.E., CARRYING VOTING RIGHTS)

As at March 31, 1969, Messrs. Scrymgeour, Crone and McCaig each held one common share of Westburne and no other equity shares of Westburne will be issued thereafter and down to the date of closing referred to in each offer by Westburne to the holders of common shares of Commonwealth and United. Upon the acquisition by Westburne, pursuant to the share exchange take-over bids herein described, of at least 80% of the outstanding common shares of United and 90% of the outstanding common shares of Commonwealth affected by such offers, Westburne will issue 1,048,000 common shares to the shareholders of Trimac pursuant to agreement dated March 27, 1969 (one of the merger agreements). Particulars of the holders of more than 10% of outstanding equity shares of Westburne after such transactions and the other share transactions to be effected pursuant to the merger agreements, above mentioned, assuming 100% acceptance of share exchange takeover bid offers and excluding equity shares of Westburne held by its subsidiaries, are as follows:

Name and Address	Designation of Class of Security	Type of Ownership	Number of Shares Owned	Percentage of Class
John A. Scrymgeour, 5929 Elbow Drive, Calgary, Alta.	Common Shares	Beneficial and of record	882,265	21.8%
John R. McCaig, 2320 Sunset Drive, Calgary 4, Alta.	Common Shares	Beneficial and of record	418,139	10.4%
John A. Scrymgeour and F. R. Matthews, Executors of the Estate of W. H. Atkinson (Deceased), 505 - 2nd Street S.W., Calgary, Alta.	Common Shares	Beneficial and of record	872,849	21.6%

The percentage of the outstanding common shares of the Company not held by subsidiaries to be owned, directly or indirectly, by all directors and senior officers of the Company as a group, after giving effect to the offers herein, is 44.8% exclusive of the 872,849 common shares owned by the W. H. Atkinson Estate.

OWNERSHIP OF SECURITIES OF COMMONWEALTH AND UNITED

No securities of Commonwealth or United are owned at the date of this offer by Westburne or any associate of Westburne or by any directors or senior officers of Westburne and their respective associates except as below indicated, namely:

Name of Director or Senior Officer	Commonwealth		United			
	Common Shares	Preferred Shares Series Z	Common Shares	Preferred Shares Series A	Warrants	Debentures
John Alexander Scrymgeour	347,929	—	12,443	320	90	\$7,000
John Robert McCaig	200	—	—	—	—	—
Lucien Cornez	—	1,600	1,175	—	—	—
Thomas Howard Atkinson	—	—	6,400	—	—	—
Joseph Beaubien	—	—	16,668	—	300	—
Abraham Palmer	—	—	21,667	500	750	—
Joseph Rimmerman	—	—	18,732	—	—	—
Maurice Saillant	500	—	18,267	—	—	—
Desmond Neil Stoker	—	—	33	—	—	—
Druval W. Westcott	—	—	40,667	—	1,125	—
Francis Richard Matthews	2,500	2,000	500	—	120	—
William Melmouth Booth	25,400	—	—	—	—	—
Ronald Donald Southern	100	—	—	—	—	—
William Jackson Cummer	500	1,000	10	30	45	—
Donald Mervyn Graves	—	400	—	—	—	—

TRANSACTIONS IN SECURITIES OF COMMONWEALTH AND UNITED

No directors or senior officers of Westburne have traded any equity shares or other securities of either Commonwealth or United during the six month period preceding the making of this offer, except as follows:

UNITED

Joseph Beaubien: December 11, 1968, sale of 5,000 common shares at 16 $\frac{3}{4}$, 1,000 common shares at 17 $\frac{5}{8}$, 100 common shares at 17 $\frac{3}{4}$; December 12, 1968, sale of 500 common shares at 17 $\frac{1}{2}$ and 100 common shares at 17 $\frac{3}{4}$; January 18, 1969, exercise of 6,666 $\frac{2}{3}$ common share stock options at 3.00; January 20, 1969, sale of 277 common shares at 15 $\frac{1}{8}$; January 21, 1969, sale of 100 common shares at 15 $\frac{1}{8}$, 200 common shares at 15 $\frac{1}{2}$ and 18,000 common shares at 15 $\frac{1}{4}$; February 5, 1969, exercise of 10,000 common share stock option at 3.00.

Lucien Cornez: October 1, 1968, sale of 500 common shares at 12; December 5, 1968, exercise of 2,000 common share stock option at 3.00; December 6, 1968, sale of 500 common shares at 17 $\frac{5}{8}$; January 10, 1969, sale of 100 common shares at 14 and 200 common shares at 14 $\frac{1}{2}$; January 14, 1969, sale of 200 common shares at 15 $\frac{1}{2}$ and 200 common shares at 15 $\frac{1}{4}$.

Druval W. Westcott: December 20, 1968, exercise of 18,667 common share stock option at 3.00; January 7, 1969, purchase of 1,400 common shares at 15; January 8, 1969, purchase of 3,600 common shares at 15; January 20, 1969, sale of 750 Preferred A shares at 41 $\frac{1}{2}$.

Joseph Rimmerman: October 1, 1968, sale of 500 common shares at 12 $\frac{1}{4}$; December 20, 1968, exercise of 18,666 common share stock option at 3.00.

John A. Scrymgeour: December 16, 1968, sale of 8,857 common shares at 17 $\frac{1}{2}$.

COMMONWEALTH

F. R. Matthews, Q.C.: November 14, 1968, purchase of 2,000 Series Z Preferred shares at \$50.
Lucien Cornez: November 14, 1968, purchase of 1,600 Series Z Preferred shares at \$50.
John R. McCaig: October 10, 1968, purchase of 200 common shares at \$10.
W. J. Cummer: November 14, 1968, purchase of 1,000 Series Z Preferred shares at \$50.
Donald M. Graves: November 14, 1968, purchase of 400 Series Z Preferred shares at \$50.
John A. Scrymgeour: December 4, 1968, sale of 200 common shares at \$10.

INTERCORPORATE RELATIONSHIP OF COMMONWEALTH PETROLEUM SERVICES LTD. AND ITS PRINCIPAL SHAREHOLDERS TO UNITED AND TRIMAC

Commonwealth, incorporated under the Canada Corporations Act, together with its subsidiary corporations, own in the aggregate 44% of the outstanding common shares of United. Messrs. John A. Scrymgeour and the Estate of William H. Atkinson (of which Mr. Scrymgeour and Mr. F. R. Matthews, Q.C., act as Executors and Trustees), acting together have the ability to control Commonwealth and its subsidiary corporations through beneficial ownership of 84% of the outstanding common shares of Commonwealth. Their personal holdings of common stock of United aggregate an additional 1.4% of the outstanding common shares of United. Accordingly, effective control of United is held by Mr. Scrymgeour and the Atkinson Estate acting together through Commonwealth and has been so held for more than five years. Messrs. Scrymgeour and Matthews are directors of both Commonwealth and United.

There is no intercorporate relationship by either Commonwealth or United or their respective managements, or their principal shareholders with Trimac. As indicated above, all shareholders of Trimac have committed under one of the merger agreements to transfer their shares of Trimac to Westburne upon the acquisition by Westburne of at least 90% of the outstanding common shares of Commonwealth and 80% of the outstanding common shares of United in consideration of the issue as fully paid of 1,048,000 common shares of Westburne.

PROMOTERS

Messrs. John A. Scrymgeour, acting in his personal capacity and also acting together with F. Richard Matthews, Q.C., as Executors of the Estate of William H. Atkinson, and John R. McCaig, acting in his personal capacity, have taken the initiative in organizing Westburne. There are no persons who may be considered as promoters of Commonwealth, United or Trimac. No person has received or is to receive directly or indirectly from Westburne or from Commonwealth, United or Trimac anything of value for or in any way related to the promotion of Westburne saving and excepting only securities of Westburne to be issued in exchange for shares of Commonwealth, Westburne or Trimac pursuant to the exchange offers and merger agreements described on Page 4 hereof on the same basis of exchange as is applicable to the holders of all other securities of such corporation of the same class. Reference is made to Page 11 hereof under the heading "Principal Holders of Equity Shares" and to Page 11 under the headings "Ownership of Equity Securities of Commonwealth and United", "Transactions in Securities of Commonwealth and United" and to Page 19 under the heading "Share Purchase Agreement" for particulars of the securities of Commonwealth, United and Trimac owned by the above named persons and all other directors and officers of Westburne and their associates which securities will be so exchanged for securities of Westburne as elsewhere herein described.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Westburne, Commonwealth, United and Trimac within the two year period prior to the date of this offer which are now material are the following:

- (a) Agreement dated March 27, 1969 between Westburne as purchaser and John R. McCaig, Roger W. McCaig, Maurice W. McCaig, Reginald Crone and 7 other persons as vendors, providing for the acquisition by Westburne of all outstanding shares of Trimac Transportation Limited as described under the heading "Share Purchase Agreement" on Page 19.
- (b) Warrant Indenture dated March 31, 1969 and Warrant Indenture dated March 31, 1969 respectively made by Westburne with Montreal Trust Company providing for the issue of Series A Share Purchase Warrants and Series B Share Purchase Warrants as described under the heading "Description of Capital Stock of Westburne" on Page 8.
- (c) Agreement dated March 27, 1969 between Westburne as purchaser, Montreal Trust Company as Trustee and the holders of 5% Cumulative Redeemable Convertible Preferred Shares Series Z of Commonwealth, including Lucien Cornez, F. R. Matthews, William J. Cummer and Donald Mervyn Graves who are directors or senior officers of Westburne providing for the exchange of such shares for 5% Cumulative Redeemable Convertible Preferred Shares Series Z of Westburne as described on Page 4 being one of the merger agreements.
- (d) Agreement dated March 24, 1969 between Westburne and Nesbitt Thomson and Company Limited described under the heading "Soliciting Dealer Group" on Page 5.
- (e) Agreement dated February 4, 1969 between Commonwealth, Excel Petroleums Ltd., Royal Canadian Ventures Ltd. and New Continental Oil Company of Canada Limited described under the heading "Uranium Exploration" on Page 17.
- (f) Agreements dated November 25, 1967 and November 27, 1967 between Excel Petroleums Ltd. and Panarctic Oils Ltd. pursuant to which Excel Petroleums Ltd. acquired its interest in Panarctic Oils Ltd. described under the heading "Miscellaneous Investments" on Page 18 hereof.
- (g) Agreement dated December 6, 1968 between Stothert Holdings Ltd. and Mid-West Tankers Ltd. for the purchase of all of the outstanding shares of Mercury Tanklines Limited referred to on Page 20 under the heading "Events Subsequent to December 31, 1968".

- (h) Agreement dated March 10, 1969 between Stothert Holdings Ltd. and Sogemines Ltd. for the purchase of all outstanding shares of Adby Transport Limited referred to on Page 20 under the heading "Events Subsequent to December 31, 1968".
- (i) Agreement dated March 17, 1969 between Trimac Transportation Limited and Greyhound Van Lines of Canada Ltd. for the sale of Robertson Moving & Storage Ltd. referred to on Page 20 under the heading "Events Subsequent to December 31, 1968".
- (j) Agreement dated November 6, 1968 between United Westburne Industries Limited and Prudential Insurance Company of America particulars of which are given in Note 12 to the Consolidated Financial Statements of United on Page 34 and Notes 4 and 5 to the Capitalization table on Page 8.
- (k) Guarantee agreement dated February 10, 1969 between Commonwealth, Brinkerhoff Drilling Company, Inc. and Signal Drilling Company collectively as guarantors pursuant to which Commonwealth is contingently liable, jointly and severally with the other guarantors for the payment of the principal sum of \$1,285,117 (U.S. Funds), with interest at 8% per annum from June 1, 1969 owing by Island Drilling Inc. to Continental Emsco Company. A one third interest in Island Drilling Company is owned by Commonwealth Drilling Ltd., a wholly owned subsidiary of Commonwealth.

Copies of the foregoing agreements to which Westburne, United or Commonwealth is a party may be inspected during ordinary business hours at the head office of Westburne, 706 - 7th Avenue S.W., Calgary, Alberta. Copies of the foregoing agreements to which Trimac is a party may be inspected during ordinary business hours at 604 - 12th Avenue S.W., Calgary, Alberta.

AUDITORS

The auditors of Westburne are Messrs. Roberts, Gibson and Fraser, Chartered Accountants, Calgary, Alberta, who are also auditors of United and Commonwealth.

LEGAL OPINION

The offers referred to herein are subject to the approval of all legal matters on behalf of Westburne by Messrs. MacKimmie, Matthews, Wood, Phillips & Smith, barristers and solicitors, Calgary, Alberta. Mr. F. R. Matthews, Q.C., who is a director of Commonwealth, United and Westburne, is a partner of this legal firm.

TRANSFER AGENTS AND REGISTRARS

The Transfer Agent and Registrar for the common shares of Westburne and the Trustee for holders of Series A and Series B Share Purchase Warrants of Westburne is Montreal Trust Company at its principal offices in Vancouver, British Columbia, Calgary, Alberta, Winnipeg, Manitoba, Toronto, Ontario, and Montreal, Quebec.

CONSENTS

Consent of Counsel

To: Westburne International Industries Ltd.

We hereby consent to the reference to our name made in the Information Circular appended to the offers for exchange of shares made by you to the holders of common shares of United Westburne Industries Limited and of Commonwealth Petroleum Services Ltd. and the offer for exchange of share purchase warrants made by you to the holders of share purchase warrants of United Westburne Industries Limited.

Calgary, Alberta
March 28, 1969

(Sgd) MacKimmie, Matthews, Wood, Phillips & Smith

Consent of Reservoir Engineers

To: Westburne International Industries Ltd.

We hereby consent to the references to our reports to Excel Petroleums Ltd. dated March 20, 1969 and Petrobec Ltd. dated March 24, 1969 made by you in the Information Circular appended to the offers for exchange of shares made by you to the holders of common shares of United Westburne Industries Limited and of Commonwealth Petroleum Services Ltd. and the offer for exchange of share purchase warrants made by you to the holders of share purchase warrants of United Westburne Industries Limited.

Calgary, Alberta
March 28, 1969

McDaniel Consultants (1965) Ltd.
Per: R. E. Hughes, Vice-President

Consent of Auditors

To: Westburne International Industries Ltd.

We hereby consent to the use of our report dated March 17, 1969, on the Consolidated Balance Sheet of Trimac Transportation Limited and its subsidiary corporations at December 31, 1968, and the Consolidated Statements of Earnings and Retained Earnings of the said corporations for the five years ended on that date, appearing in the Information Circular appended to the offers for exchange of shares made by you to the holders of common shares of United Westburne Industries Limited and of Commonwealth Petroleum Services Ltd. and the offer for exchange of share purchase warrants made by you to the holders of share purchase warrants of United Westburne Industries Limited.

Calgary, Alberta
March 28, 1969

(Sgd) Price, Waterhouse & Co

To Westburne International Industries Ltd.

We hereby consent to (a) the use of our report dated March 17, 1969 on the Pro-Forma Consolidated Balance Sheet of Westburne International Industries Ltd. and subsidiary companies as at December 31, 1968 and the Pro-Forma Consolidated Statement of Earnings and Retained Earnings for the five year period then ended and, (b) the use of our report dated March 17, 1969 on the Consolidated Balance Sheet of United Westburne Industries Limited and subsidiary companies as at December 31, 1968 and the Consolidated Statement of Earnings and Retained Earnings for the five year period then ended, and (c) the use of our report dated March 17, 1969 on the Consolidated Balance Sheet of Commonwealth Petroleum Services Ltd. and subsidiary companies as at December 31, 1968 and the Statement of Earnings for the five year period and the Statement of Retained Earnings for the four year and nine month period then ended, all appearing in the Information Circular appended to the offers for shares made by you to the holders of common shares of United Westburne Industries Limited and of Commonwealth Petroleum Services Ltd. and the offer for exchange of share purchase warrants made by you to the holders of share purchase warrants of United Westburne Industries Limited.

Calgary, Alberta
March 29, 1969

(Sgd) Roberts, Gibson & Fraser

DESCRIPTION OF UNITED WESTBURNE INDUSTRIES LIMITED

History

United Westburne Industries Limited ("United") was incorporated under the provisions of the Alberta Companies Act on May 8, 1951 and until 1956 carried on business as an investment company owning primarily oil and gas securities. Thereafter, emphasis was gradually shifted to direct participation in oil and gas properties through a wholly-owned subsidiary, Westburne Oil Development Limited. Late in 1964, United sold all of the shares of that subsidiary, retaining however certain of its oil properties described below.

In 1963, the Directors of United initiated studies on diversification. As a result, a first investment was made, at the end of 1963, in the plumbing and heating wholesale industry with the acquisition of Saillant Inc., a major wholesaler in the Quebec City area. Since 1963 United has developed a national chain for the wholesale distribution of plumbing and heating products and supplies to contractors, industrial and institutional users, keeping the marketing function decentralized but utilizing the advantages of co-ordinated purchasing, accounting, banking and administrative functions.

Resulting from the diversification and expansion program implemented in 1963, the Company now operates one of the largest plumbing and heating wholesale supply chains in Canada, with 46 branches from Newfoundland to British Columbia as indicated on the map on page 22. The following are the principal subsidiaries:

Saillant Inc. in Quebec City with two other branches;

The Craig group of companies, a major wholesaler in the Montreal area with 9 other branches in eastern Ontario, Quebec and the Maritimes;

Palmers Plumbing Supply Limited operating in Ottawa with 5 other branches in eastern Ontario and western Quebec;

Hoffman Brothers Limited based in Hamilton with 10 other branches in Ontario;

The Engineering and Plumbing Supplies Ltd. group of companies based in Winnipeg and operating 15 other branches from Fort William to Victoria.

Management and Organization of United

There are a total of 725 employees in the United group of companies. Each operating subsidiary has personnel with extensive industry experience in all phases of operations. United has retained key personnel from acquired companies following their integration into United and it has instituted a training program and related management development activities to ensure continuity of experienced management in the future.

Mr. Lucien Cornez has been an executive of United since its incorporation in 1951 and has served as its President and Chief Executive Officer since 1965. Each of Messrs. Palmer, Rimmerman, Saillant, Westcott and James L. Thomson, who collectively comprise United's management committee with Mr. Cornez, successfully operated as owner or manager of one of the wholesale plumbing businesses now included in the United group of companies.

Operations – Marketing and Sales

United, through operating subsidiaries, markets the majority of its products directly to contractors. To facilitate a rapid delivery service, United maintains an inventory of approximately 15,000 items and Telex inter-branch communication. Inventory, at the lower of cost or net realizable value, totalled \$12,600,000 as at December 31, 1968.

United has approximately 8,000 active accounts of which the ten largest in the aggregate would account for 8% of the total sales of more than \$70,000,000 for 1968. While United sells principally to contractors it also distributes to industrial users such as oil refineries, paper mills and chemical plants, and also to institutions.

United's product lines include bathtubs, basins, toilets, bidets, kitchen sinks, stainless steel and brass goods, fixtures, steel pipe and fittings, plastic, asbestos and fibre pipe, heating products, specialties for heating, soil pipe, copper pipe, copper fittings, valves, heaters, sundries for repairs and specialties such as air conditioning equipment.

Properties

The United group both owns and rents its operating facilities. Real estate is owned in the following locations: St. John's, Sydney, New Richmond, Quebec, Trois-Rivieres, Joliette, Montreal, Longueuil, Drummondville, Cornwall, Ottawa, Hull, Pembroke, Toronto, Winnipeg, Regina, Swift Current, Prince George and Vancouver. These properties are carried in its books at an aggregate amount of \$4,226,347 after deduction of accumulated depreciation and the fair market value thereof is considered to be somewhat higher.

Petrobec Ltd. – Oil Production and Reserves

United, through Petrobec Ltd. ("Petrobec"), one of its wholly-owned subsidiaries, is presently engaged in the production of oil and owns varying interest in 1,760 gross acres (373 net acres) in the Swan Hills area of Alberta.

Petrobec's proven and probable recoverable oil reserves, as of January 1, 1969 are estimated by McDaniel Consultants (1965) Ltd., petroleum reservoir analysts of Calgary, Alberta, as follows:

	Proven	Probable	Total
Net Oil Reserves (bbls.)	747,300	185,600	932,900

The present worth as at January 1, 1969 discounted at 6% per annum and compounded annually, of the estimated future "cash flow," after lifting costs and any necessary additional capital investment, from Petrobec's proven and probable recoverable reserves is estimated to be \$588,797. Although the above-mentioned present worth value of estimated future "cash flow" represents a reasonable value to Petrobec as a going concern for its proven and probable recoverable reserves it is considered that the "fair market value" of such reserves, if the properties were to be sold, would be a somewhat lower amount.

DESCRIPTION OF COMMONWEALTH PETROLEUM SERVICES LTD.

History

Commonwealth Petroleum Services Ltd. ("Commonwealth") is a public company incorporated under the Canada Corporations Act in July, 1967 as a result of the amalgamation of Southwest Petroleum Company Limited, Ace Oils Ltd. and Commonwealth Petroleum Services Ltd. The early history of the predecessor companies is associated with the development of the Turner Valley Oilfield, but since 1947 these companies acted primarily as holding corporations conducting active operations through subsidiary corporate groups engaged in the contract oil-well drilling, oilfield supply, production and exploration phases of the petroleum industry. For many years the Commonwealth group of companies has been recognized as the largest Canadian oilwell drilling contractor in terms of both number of rigs operated and in volume of footage drilled. In addition, directly and through subsidiary corporations, Commonwealth holds an aggregate of 728,980 common shares of United representing approximately 44% of United outstanding common shares being the equivalent of about $\frac{7}{8}$ th of one United common share for each outstanding common share of Commonwealth.

The principal operating divisions and subsidiaries of Commonwealth are as follows:

Contract Drilling Division	Percentage owned	No. of rigs operated	Operating area
Commonwealth Drilling Ltd. _____	100%	29 (1)	Western Canada
General Petroleums Drilling Ltd. _____	98%	21	Western Canada
Wardean Drilling Co. Limited _____	96%	6	Western Canada
Pan-Oceanic Drilling Ltd. _____	100%	4	Australia
Superior Drilling Inc. (U.S.A.) _____	50%	1	Alaska North Slope

Oilfield Supply Division	Percentage owned	Operating area
Dominion Oilfields Supply Company Limited _____	100%	Western Canada

Oil Exploration and Production Division	Percentage owned	Operating area
Excel Petroleums Ltd. _____	98%	Western Canada

(1) Does not include Commonwealth's 50% interest in the Arctic joint venture described below.

The geographical location of the activities of each division is indicated on the map on page 21.

Management and Organization

The Commonwealth group of companies functions on a decentralized basis, each subsidiary having its separate operating management. Overall policy and corporate planning for the group is directed by the senior executives of Commonwealth. For purposes of control and efficiency, certain departments operate on a combined basis including the finance, accounting and safety functions.

The average age of the management group is 42 years with 18 average years experience in the petroleum industry. The group employs 1,100 personnel at peak periods of winter activity and 550 during the summer season when northern operations are curtailed.

Contract Drilling Division

The oil well drilling industry has developed over the last twenty-five years on a worldwide basis to the point where, except for certain foreign state owned oil companies, drilling rigs and related equipment are now almost entirely owned and operated by independent drilling contractors rather than oil producers owning mineral rights. Western Canada's drilling industry began in 1913. At that time all drilling rigs were owned and operated by oil companies. By 1969 a total of 340 drilling rigs were located in Western Canada of which only three rigs remain in the ownership of one oil company. Contract drilling is a capital intensive industry, investment in new drilling rigs varying from \$250,000 to more than \$1,000,000 depending upon drilling depth capacity. By a continuous process of improving equipment and drilling techniques and through the development of more efficient rock bits, muds and chemicals, the overall productivity of the industry has increased substantially in the last ten years.

In Canada production regulations adopted in recent years have tended to increase the ratio of exploratory wells drilled to development wells drilled but the decrease in demand for rigs in established field areas has been largely offset by increased exploration activity in remote areas. The pace of exploration by drilling of wells in these regions of Northern Alberta, British Columbia, the Yukon and the Northwest Territories, including the Arctic Islands, is expected to be maintained at least into 1970 and, if significant discoveries are made, will probably accelerate. New industry needs for specialized equipment for far north and offshore operations has accelerated research and development and resulted in substantial investment in new equipment. Transportation of both light and heavy drilling equipment by air is now economically feasible where the equipment has been developed and mobilized with this objective in mind.

Commonwealth, through subsidiaries, operates in Western Canada a total of 56 drilling rigs as follows:

No. of Rigs	Maximum Depth Rating
3 _____	1,500 to 4,500'
20 _____	4,500 to 7,000'
29 _____	7,000 to 12,500'
3 _____	12,500 to 15,500'
1 _____	to 20,000'
<hr/> 56	

This equipment represents approximately 16.8% of all rigs available in the area west and north of Ontario. Commonwealth estimates that in 1968 its rigs drilled 17.7% of the footage drilled in this area by all drilling contractors. Its rigs are strategically located throughout the Western Provinces to facilitate supply in each area of the most economical rig capacity likely to be required by oil operators, with particular emphasis in the Province of

Alberta where the majority of the rigs are usually located. This broad coverage of the Western Canadian sedimentary basin places Commonwealth in a strong competitive position and permits maximum utilization of the equipment with a minimum of "move-in" costs to each drilling location.

Maintenance shop facilities, general office building and other miscellaneous improvements such as trackage, drill pipe racks etc. are located on Commonwealth's nine acre site in East Calgary. Additional storage yard and repair facilities are maintained at Estevan, Saskatchewan and Edmonton, Alberta.

Work for drilling rigs is normally obtained by successful tendering on invitations to bid on contracts for the drilling of specific wells announced by the owners of the mineral rights to be drilled. Occasionally a contract is awarded for a number of wells but for the most part a drilling contract relates to one well only and may provide work for from four days to more than four months depending on depth to be drilled and, to a lesser extent, accessibility of the well site. In 1968 Commonwealth's rigs in Western Canada were operating (excluding time expended in moving, rigging up and tearing out) under contract for approximately 40% of available drilling day capacity which is the same as the industry average.

A joint venture, composed of Commonwealth and another Canadian oilwell drilling contractor, after competitive tender bidding, has been awarded two contracts by Panarctic Oils Ltd. for drilling of oilwells in the Arctic Islands, for which contracts two drilling rigs have been acquired and mobilized. A specially designed diesel electric 15,000' capacity rig and a 10,000' capacity helicopter-transportable rig are expected to commence operations in April 1969. These rigs are hired out on a "day work and footage incentive" basis rather than the normal footage drilled basis.

Pan-Oceanic Drilling Ltd. operates one medium capacity and three deep (14,000') capacity drilling rigs in Australia and also holds a contract for the provision of labour and supervision of operations of drilling rigs owned by oil companies operating in Indonesia.

Superior Drilling Inc. operates one 16,000' capacity drilling rig in the North Slope area of Alaska.

Oilfield Supply Division

Dominion Oilfields Supply Company Limited ("Dominion") has been engaged for more than twenty years in the sale of oilwell equipment and operating supplies to Western Canadian oilwell operators and to drilling contractors. Stores are located at Calgary, Edmonton and High Level in Alberta, at Fort St. John in British Columbia and at Estevan in Saskatchewan. Gross sales in 1968 amounted to \$7,290,000, of which approximately 30% were made within the Commonwealth group.

The oilfield equipment and supply business produces a large sales volume with relatively low profit margins, however, selling and inventory costs are also relatively low when compared to other marketing operations. Dominion maintains an inventory of over 4,500 items and supplies most products required at a drill site including tubular products, valves, gaskets, tools, etc. Many items handled, such as rock bits, motors and drilling rig components are sold under franchise providing for direct delivery from the manufacturer to the purchaser which results in very low investment in inventory for Dominion in such items. Salesmen solicit orders at well-sites, corporate head offices, refineries and gas plants. The orders are forwarded to the branch stores and filled from inventory or by purchasing directly from the manufacturers. Dominion maintains a teletype system between branches to minimize the over-all inventory and to facilitate prompt delivery of items not stocked at all stores.

Oil Exploration and Production

Excel Petroleum Ltd. ("Excel") owns oil and gas reserves in the Dodsland, Midale, Weyburn and Steelman fields in Saskatchewan, the Crossfield, Leduc Woodbend, Lochend, Pembina and Yekau Lake fields in Alberta, and the Boundary Lake and Fort St. John fields in British Columbia. These reserves have, for the most part, been acquired by purchase as investments after primary development had been substantially completed by other oil operators. Excel and other subsidiaries of Commonwealth have also acquired, and may in the future acquire, interests in oil and gas rights for the purpose of exploration and development, e.g. the Hamilton Lake property mentioned below.

Excel's proven and probable recoverable reserves of oil and gas (exclusive of Hamilton Lake reserves) are estimated by McDaniel Consultants (1965) Ltd., petroleum reservoir analysts of Calgary, Alberta, as follows:

	Proven	Probable	Total
Crude oil and liquids (bbls.)	3,686,500	2,376,700	6,063,200
Natural gas (mcf)	7,147,181	nil	7,147,181

The present worth value as at January 1, 1969 discounted at 6% per annum and compounded annually of the estimated "cash flow" after lifting costs and any necessary additional capital investment, from Excel's proven and probable recoverable reserves have been estimated to be \$4,194,408. Although the present worth value mentioned represents a reasonable value of these reserves to Excel as a going concern, it is considered that the "fair market value" of such reserves, if the properties were to be sold, would be a somewhat lower amount.

Commonwealth owns varying interests in 22,560 gross acres equivalent to 9,327 net acres in the Hamilton Lake Area of Central Alberta where a secondary recovery development programme has been under way since 1960 on lands lying to the west of Commonwealth's lands. To date 31 oil wells and 11 water injection wells have been drilled on Commonwealth's lands. Total investment in the project on its lands by Commonwealth is expected to be \$1,500,000 when completed in 1970 of which \$300,000 had been expended at 31 December, 1968. While recovery of investment in the project is reasonably assured on the basis of results to date, it will be at least one full year of operation before reliable estimates of recoverable reserves can be made.

Uranium Exploration

Excel holds a 40% undivided interest in two uranium prospecting permits covering an aggregate of 345,000 acres in north eastern Saskatchewan. The location of these permits is shown on the accompanying map. While the permits are considered to be favourably located in relation to discoveries made in the general area only preliminary exploration work has been conducted on Excel's permits and accordingly no representation can be made as to their value. Excel's interest in these permits was acquired in January 1969 under an agreement providing for the conduct of exploration work on the permit lands by Excel to the value of \$200,000 during 1969, \$400,000 during 1970, \$500,000 during 1971 and \$600,000 during 1972. Thereafter Excel's obligations

are pro rata to its 40% interest in the lands and production therefrom. Expenditures are divided equally in each year between the permit areas and Excel may be relieved of its obligations for subsequent year(s) to explore either or both permit areas by surrendering its interest in the whole of the permit area affected.

Miscellaneous Investments

Panarctic Oils Ltd.

Excel holds an investment of 2.24% of the outstanding preferred and common shares of Panarctic Oils Ltd. ("Panarctic") acquired subject to a commitment to expend a total of \$452,800 in exploration of Panarctic's lands in the Arctic Islands in a three year period ending December 31, 1970. By March 1, 1969, approximately one-half of the committed expenditures had been incurred. Panarctic holds farm-out agreements covering approximately 40,000,000 permit acres all in the Arctic Islands sedimentary basin of Canada and 100% interest in oil and gas exploration permits covering an additional 10,000,000 acres in the same area. The interest which Panarctic is entitled to earn under each farm-out agreement is entirely dependent upon the amount of exploratory work carried out on the lands covered thereby or, in some cases, on lands in the vicinity. Under most farm-out agreements the interest which may be earned can be increased by Panarctic committing for and actually carrying out additional exploratory work including the drilling of test wells. The size of Excel's investment in Panarctic does not entitle it to influence Panarctic's exploration programme. The shareholder participants of Panarctic, including Excel, in fulfilment of their commitments to Panarctic carried out an extensive seismic exploration programme in 1968, mostly on Melville Island, and location has been selected for the drilling of two wells on Melville Island during 1969. Additional seismic exploration on other islands is scheduled for 1969. The funds committed to Panarctic by its shareholders will not be sufficient to enable it to earn the maximum interest available under all of the farm-out agreements, however, each participant is entitled to maintain its position by committing its pro rata share of any additional funds required by Panarctic which are raised through the issue of its equity securities. Panarctic may also itself grant farmouts to other operators to fulfill its commitments contained in the farmout agreements held by it. Under the heading "Contract Drilling Division" above reference is made to Commonwealth's participation in a joint venture which will undertake contract drilling on Panarctic's lands.

Western Rock Bit Company Limited

This Calgary-based company, in which the operating drilling subsidiaries of Commonwealth hold an aggregate of 19.5% outstanding equity shares, holds a licence to manufacture and exclusive rights to distribute oilwell rotary drilling bits in Western Canada under the patents of Hughes Tool Company. The remaining equity in Western Rock Bit Company Limited is held by other drilling contractor competitors.

Southeastern Commonwealth Drilling Ltd.

Commonwealth has a 5% interest in Southeastern Commonwealth Drilling Ltd. which owns a large semi-submersible vessel capable of drilling to depths in excess of 20,000 feet in water up to 600 feet deep. This vessel represents an investment of \$14,000,000 and is now operating off the West Coast of Canada under a long term contract for a major oil company. Southeastern Commonwealth is currently constructing at Halifax, N.S. two additional offshore drilling vessels of the same design which will also operate under long term contracts for major oil companies in east coast waters.

Island Drilling, Inc.

Commonwealth owns a 33 1/3% equity share interest in Island Drilling, Inc. which operates one land drilling rig in California and four offshore platform drilling rigs representing a capital investment of \$5,000,000 located in the Long Beach and other offshore areas of the California coast. Island operates under long term contract for major oil companies operating in this area.

DESCRIPTION OF TRIMAC TRANSPORTATION LIMITED

Share Purchase Agreement

Westburne has entered into an agreement dated March 27, 1969 with all shareholders of Trimac Transportation Limited ("Trimac") for purchase of their shares in that company in consideration of the allotment and issue to them, relative to their Trimac holdings, of an aggregate of 1,048,000 common shares of Westburne. The purchase is conditional upon the acquisition by Westburne prior to April 30, 1969 of more than ninety (90%) percent of the outstanding common shares of Commonwealth and eighty (80%) percent of the outstanding common shares of United and implementation of the other merger agreements and to the customary provisions in share exchange agreements as to the continuity unimpaired down to the closing date of the business and assets of the respective corporations involved, namely United, Commonwealth and Trimac.

Of such share consideration to be issued to Trimac shareholders, Mr. John R. McCaig, President of Trimac, will be entitled to receive 418,139 shares (40%), Roger W. McCaig, a director of Trimac will be entitled to receive 206,388 shares (20%) and Maurice W. McCaig, Vice-President Operations of Trimac will be entitled to receive 205,261 shares (20%) and Reginald Crone will be entitled to receive 102,625 shares (10%). The balance of 115,587 shares are apportioned between the seven remaining shareholders of Trimac. All recipients of these Westburne common shares (other than Roger W. McCaig) are employees and officers of Trimac or one or more of its subsidiary corporations (the "Trimac group") and it is not expected that there will be any change in their relationship with it.

History

Trimac was incorporated by the McCaig family as a private holding company in 1961, under the laws of the Province of Saskatchewan, to acquire Maccam Transport Ltd. and H. M. Trimble & Sons Ltd. which have been active in bulk commodity transportation in Alberta and Saskatchewan for more than 25 years. Subsequent to 1961, the business of Trimac has been enlarged through acquisitions or organization of other corporations engaged in highway transportation of bulk commodities.

Listed below are the principal operating subsidiaries of Trimac:

	Principal Operating Area
Maccam Transport Ltd.	Saskatchewan
H. M. Trimble & Sons Ltd.	Alberta
Oil and Industry Suppliers Ltd.	Manitoba
Westland Carriers Ltd.	British Columbia
Columbia Bulk Carriers Ltd.	British Columbia
Municipal Tank Lines Limited	Ontario

The Trimac Transportation System

In 1968 the various operating companies formed the "Trimac Transportation System" as a joint venture of the operating companies to more adequately serve the shipping public throughout Canada and the United States. The subsidiaries each operate in their own areas as distinct entities with their own staff but act collectively as the Trimac Transportation System and obtain benefits through such things as common advertising, use of centralized computer facilities and employment of a uniform marketing program. In this fashion, the companies retain their own goodwill but also enhance that goodwill through the use of the name "Trimac".

Management and Organization

The Trimac group of companies are organized on a regional basis with a large degree of decentralization and authority resting with the company managers. The overall direction is provided from the group's offices in Calgary. These people have been engaged in the transportation industry for 8 to 25 years. To support this decentralized management and to give timely information as well as providing controls for senior management, the Trimac group has completely centralized its information system. Use is made of an IBM Model 360-20 computer to prepare reports, financial statements, cost records, route and unit profitability studies, all of which are utilized in establishing tariffs.

Trimac employs approximately 500 on a permanent basis. In addition, employment is provided for a large number of owner-operators, sub-contractors and their drivers. The group of companies has always enjoyed excellent labour relations with all of its employees.

Operations

Operating rights and franchises are probably a carrier's most important asset. The operating companies which constitute the Trimac Transportation System possess in their own areas very extensive operating authorities granted by the various regulatory bodies of Canada and also by the Interstate Commerce Commission of the United States. These operating authorities collectively afford to the system very broad powers in relation to highway transportation of bulk commodities, enabling the Trimac group to maintain a strong competitive position in the industry. On a combined basis, Trimac Transportation System is Canada's largest highway transporter of liquid and dry bulk commodities and ranks seventh in North America, operating throughout Canada from Quebec to British Columbia and also into and out of the United States of America, including Alaska.

Equipment and Terminal Facilities

The major "fixed asset" of the companies is their fleet of revenue vehicles comprising power units and semi-trailers of various types. In contrast to general freight carriers, a large investment in warehouse facilities is not required. Terminal facilities providing office and dispatch facilities, maintenance shops, tank cleaning and flushing facilities are maintained at each location. There are 19 such terminals of which 8 are owned and 11 leased, and there are plans for the construction of two more during 1969, all as shown on the map on page 21.

The group of companies operate approximately 500 specialized trailer units using approximately 200 company-owned power units and, depending on seasonal requirements, from 160 to 300 additional owner-operated power units. The equipment fleet is kept modern and properly maintained through a replacement program related to the economical useful life of the vehicles and a strict adherence to a preventative maintenance program.

Products Hauled

The bulk commodity sector of the highway transportation industry is characterized by relatively few customers, each requiring movement of large quantities of some commodity in specialized container equipment frequently designed for that purpose. Considerable emphasis is, and has been, placed on developing and acquiring equipment capable of hauling products on a two-way basis, i.e. trailers especially designed to carry one commodity for a

customer in one direction and another commodity on the return trip for a different or the same customer. In addition, emphasis has been placed on developing hauls of products not previously hauled in bulk thereby eliminating container costs to the shipper.

Approximately 35% of gross sales in 1968 were earned under term contracts of from one to five years duration and a majority of the remaining traffic was handled for shippers with whom the companies have dealt on a regular basis for many years. Because of the market area served and the inherent advantages of transportation in bulk plus its ability to co-ordinate two-way commodity transport, management anticipates an accelerating expansion of that sector of the business dedicated to commodities other than petroleum products.

The following table breaks down the gross revenue by general product classification for the Trimac group of companies for the years 1967 and 1968:

Description	Trimac Transportation System		
	Gross Revenues by Product Classification	1967	1968
Refined Petroleum Products	47.7%	42.6%	
Asphalt and Bunker Fuels	12.3	15.8	
Liquefied Petroleum Gases	5.6	6.5	
Inedible Liquids	9.4	8.9	
Edible Liquids	1.2	1.1	
Inedible Dry Bulk	17.2	20.2	
Edible Dry Bulk	0.2	0.2	
Cryogenic	0.1	0.2	
General Freight (Flat Bed)	6.3	4.5	
	100.0%	100.0%	

Customers

The bulk commodity sector of the highway transportation industry is characterized by relatively few customers, each requiring movements of large quantities of commodities in specialized container equipment frequently designed for that purpose. With its rapid diversification, both in areas served and commodities hauled, the customer list of the Trimac group has increased from 325 in 1964 to 545 in 1968.

Competition

Competition in the transportation of bulk commodities comes from other highway transportation companies, the railroads, pipelines, and, in certain parts of the country, water transportation. Other modes of transportation offer certain economic advantages for longer haul movements of large quantities of products requiring little specialized handling and not requiring fast service, e.g. grain, sulphur and potash. Highway transportation has a substantial advantage where direct "manufacturer to user" delivery is involved or where specialized products or services are required.

The Trimac Transportation System is in a position to haul any commodity that can be transported more economically in bulk. With the development of industry throughout Canada and with increasing labour costs, there are opportunities to convert many products now being hauled in packages, drums or other containers to the more economical bulk handling concept. Obviously, any elimination of packaging, handling and storing costs is of interest to shippers. In addition, constant efforts are being made to put together two-way hauls of bulk commodities in specially designed equipment thus ensuring maximum utilization of the equipment and lowest possible costs for shippers.

Events Subsequent to December 31, 1968

On December 6, 1968, a wholly owned subsidiary, Stothert Holdings Ltd. entered into an agreement for the acquisition of all the outstanding shares of Mercury Tanklines Limited for a consideration of \$150,000 cash and \$75,000 par value of its 7% redeemable non-cumulative preferred shares, which are to be redeemed as to \$25,000 par value portion thereof on the anniversary date of issue in each of the years 1970, 1971 and 1972.

On March 10, 1969 Stothert Holdings Ltd. also entered into an agreement for the acquisition of all outstanding shares of Adby Transport Limited (including its wholly owned subsidiary J. Kearn's Transport Limited) for a total consideration of \$1,000,000 cash. In addition, as part of this transaction a newly constructed terminal at Edmonton is being acquired at a cost of \$360,000.

Both acquisitions are subject to receipt of approvals of various regulatory boards issuing operating authorities to the corporations being acquired which approvals are expected to be forthcoming in each case before April 30, 1969, whereupon the operations of these companies will be consolidated in the accounts of Trimac. Trimac has negotiated interim financing at 8% interest with its present principal shareholders to provide the \$1,360,000 which will be required to complete these two transactions.

Mercury Tank Lines Ltd. had gross operating revenues of \$1,200,000 for its last fiscal year ended January 31, 1969, 80% of which business was derived from a long term contract for hauling alcoholic beverages in international traffic. Adby and its subsidiary had a gross revenue for its last fiscal year ending December 31, 1968 of \$3,400,000 of which approximately 70% is derived from Inland Cement Industries Ltd. which Company has agreed to give Adby a ten-year contract to run from March 25, 1969.

On March 17, 1969, Trimac entered into an agreement to sell, subject to approval of various regulatory boards, its 90% subsidiary Robertson Moving & Storage Ltd. for a cash consideration of \$45,000 with provision being made for retirement of its indebtedness to Trimac bearing interest at 7% per annum by annual instalments on September 30 in each of 1969, 1970 and 1971. On November 30, 1968 Robertson entered into an agreement to purchase all of the outstanding shares of Crone Moving and Storage Company Limited. This purchase had not been approved by all of the regulatory boards by March 17, 1969, but when approved will be included in the sale of Robertson. The gross hauling revenue and net income (less minority interest) of Robertson included in the consolidated statement of earnings of Trimac for the five year period 1964 to 1968 is as follows:

	Gross Hauling Revenue	Net Income (Loss) Less Minority Interest
1964	\$476,762	\$ (3,631)
1965	407,983	(30,779)
1966	646,104	12,331
1967	794,718	48,446
1968	603,533	9,135

Operations of
TRIMAC TRANSPORTATION LIMITED

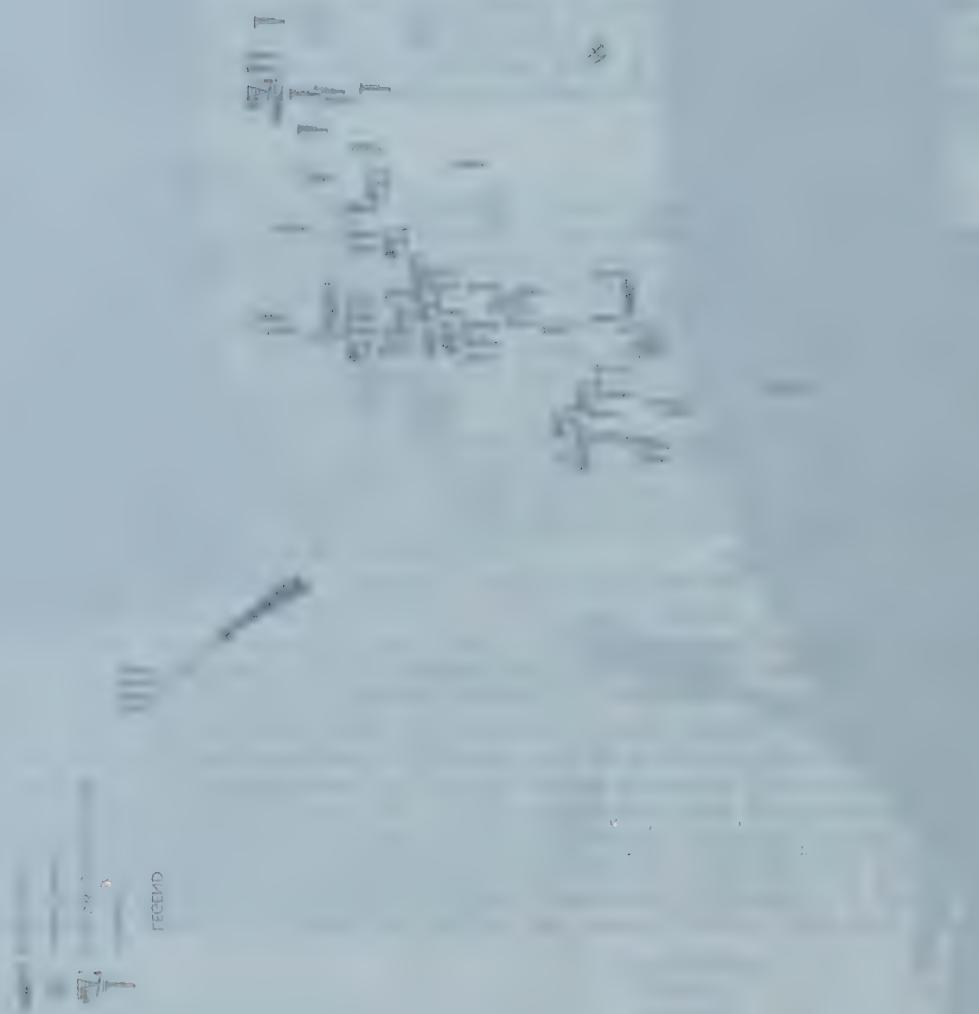
Ex-2
Pembina, Lethbridge
2002

Distillate
reduced
water
product

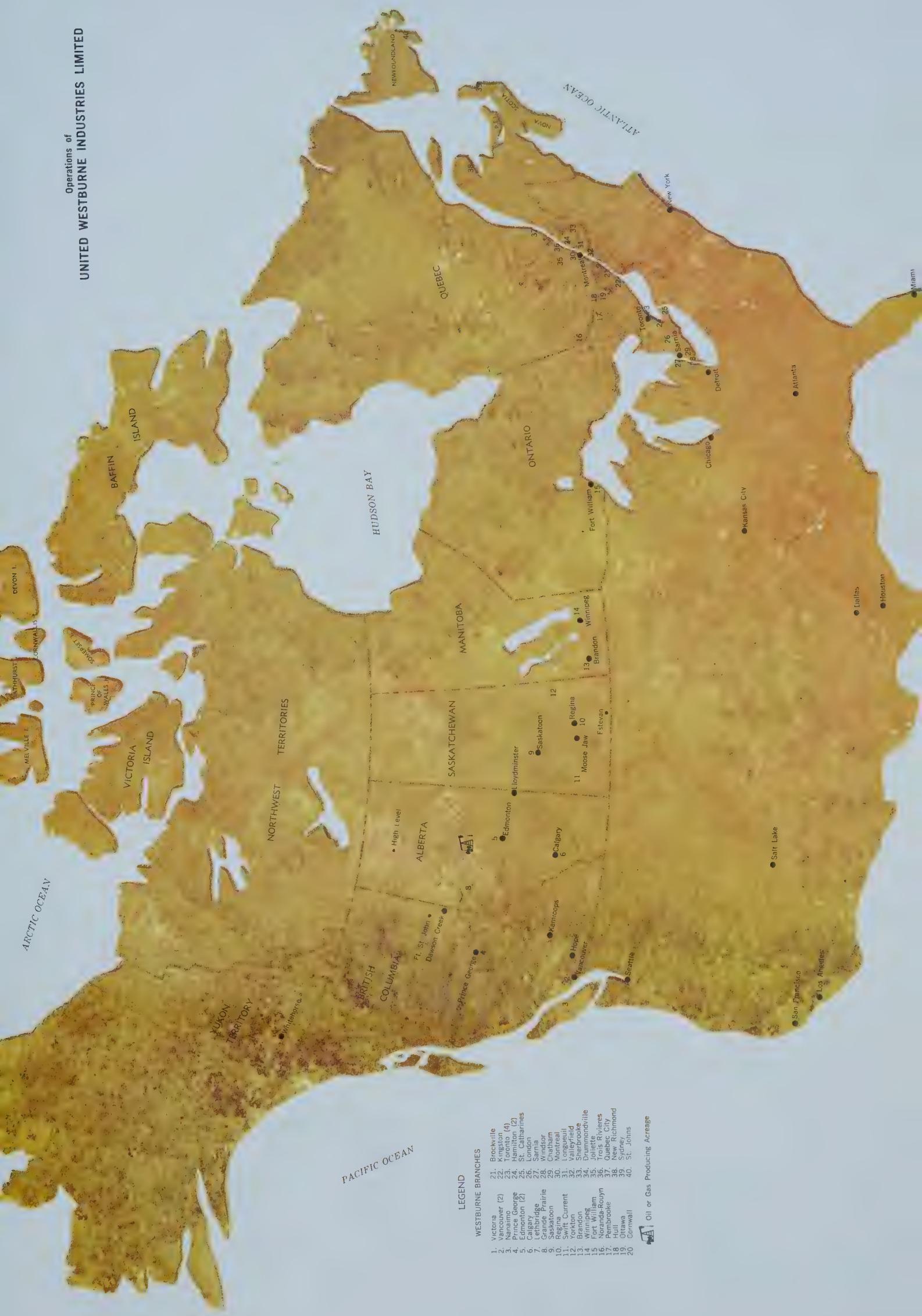
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ARCTIC OCEAN



FINANCIAL STATEMENTS

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WESTBURNE INTERNATIONAL INDUSTRIES LTD. AND SUBSIDIARY COMPANIES

AUDITORS' REPORTS

To the Directors of
Westburne International Industries Ltd.

We have examined the pro-forma consolidated balance sheet of Westburne International Industries Ltd. and subsidiary companies as at December 31, 1968 and the pro-forma consolidated statements of earnings and retained earnings for the five year period then ended. These financial statements give effect to the transactions described in the head notes to the pro-forma consolidated balance sheet and we have included therein the audited financial statements of United Westburne Industries Limited and Commonwealth Petroleum Services Ltd. as at December 31, 1968 as reported upon by us and the audited financial statements of Trimac Transportation Limited as at December 31, 1968 as reported upon by Price Waterhouse & Co.

In our opinion, except that no provision has been made in the accounts of two subsidiaries for deferred income tax relating to depreciable assets as explained in notes to those financial statements, this pro-forma consolidated balance sheet and pro-forma consolidated statements of earnings and retained earnings when read in conjunction with the notes thereto and the notes to each of the audited financial statements included therein present fairly the consolidated financial position of the companies as at December 31, 1968 and the results of their operations for the five year period then ended (except that in 1965 the then auditors of certain subsidiaries of United Westburne Industries Limited acquired during that year, being the first year of their audit engagement, were unable to attend at the prior year's stocktaking and were therefore unable to form an opinion of the fairness of the opening inventory) after giving effect to the proposed transactions described in the head notes to the pro-forma consolidated balance sheet, in accordance with generally accepted accounting principles applied on a consistent basis after restatement of earnings and retained earnings as explained in Note 3 to the financial statements of Commonwealth Petroleum Services Ltd.

Dated at Calgary, Alberta
March 17th, 1969.

(Signed) ROBERTS, GIBSON & FRASER
Chartered Accountants.

To the Directors of
United Westburne Industries Limited

We have examined the consolidated balance sheet of United Westburne Industries Limited and subsidiary companies as at December 31, 1968 and the consolidated statements of earnings and retained earnings for the five years then ended. Our examination of the financial statements of United Westburne Industries Limited and of the subsidiaries of which we are auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The financial statements of the parent company for 1964 and 1965 and for certain subsidiaries for the years 1964 to 1968 were examined by other auditors. We have relied on the reports of the auditors who examined the accounts of the parent company for the periods during which they were auditors and on the reports of auditors who have examined the financial statements of the other subsidiaries.

In our opinion, except that no provision has been made for deferred income tax relating to depreciable assets as referred to in Note 2, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the five years then ended (except that in 1965 the auditors of certain subsidiaries acquired during that year, being the first year of their audit engagement, were unable to attend at the prior year's stock taking and were therefore unable to form an opinion of the fairness of the opening inventory) in accordance with generally accepted accounting principles applied on a consistent basis.

Dated at Calgary, Alberta,
March 17th, 1969.

(Signed) ROBERTS, GIBSON & FRASER
Chartered Accountants.

To the Directors of
Commonwealth Petroleum Services Ltd.

We have examined the consolidated balance sheet of Commonwealth Petroleum Services Ltd. and subsidiary companies as at December 31, 1968 and the consolidated statements of earnings for the four years ended March 31, 1968 and the year ended December 31, 1968 and the statements of retained earnings for the four years and nine months period then ended. Our examination of the financial statements of Commonwealth Petroleum Services Ltd. and those subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of other subsidiaries.

In our opinion except that no provision has been made for deferred income taxes relating to depreciable assets as explained in Note 2, these financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the periods referred to above, in accordance with generally accepted accounting principles applied on a consistent basis after restatement of earnings and retained earnings as explained in Note 3 to these financial statements.

Dated at Calgary, Alberta,
March 17, 1969.

(Signed) ROBERTS, GIBSON & FRASER
Chartered Accountants.

To the Directors of
Trimac Transportation Limited

We have examined the consolidated balance sheet of Trimac Transportation Limited and its subsidiaries as at December 31, 1968 and the consolidated statements of earnings and retained earnings for the five years then ended. Our examination of the financial statements of Trimac Transportation Limited and those subsidiaries of which we are auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The financial statements of two of the subsidiaries included in the consolidation, which we examined in 1967 and 1968, were examined by other auditors for the prior periods included in the consolidated statements of earnings and retained earnings. We have relied on the reports of the auditors who examined the financial statements of these subsidiaries for the periods during which they were auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations for the five years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Dated at Calgary, Alberta
March 17th, 1969.

(Signed) PRICE WATERHOUSE & CO.
Chartered Accountants.

WESTBURNE INTERNATIONAL INDUSTRIES
Pro-forma Consolidated Balance Sheet as at December

Consolidated Balance Sheets
for
United Westburne Industries Limited, Commonwealth
(thousands)

The pro-forma Consolidated Balance Sheet gives effect to:

- (1) The issue to incorporators of three common shares of Westburne International Industries Ltd. at \$1.00 per share;
- (2) The issue of 16,667 common shares of United Westburne Industries Limited on the exercise in January and February 1969 of employee incentive stock options at \$3.00 per share;
- (3) (a) The issue of 1,658,710 common shares of Westburne International Industries Ltd. in exchange for all the 1,658,710 common shares of United Westburne Industries Limited outstanding as at March 17, 1969;
- (b) The issue of 179,624 Series A Share Purchase Warrants of Westburne International Industries Ltd. in exchange for all the 179,624 outstanding share purchase warrants of United Westburne Industries Limited issued under Indenture dated March 15, 1967;
- (c) The issue of 15,000 Series B Share Purchase Warrants of Westburne International Industries Ltd. in exchange for 15,000 Series B Share Purchase Warrants of United Westburne Industries Limited;
- (4) The borrowing of \$3,290,684 from the Company's banker for the purpose of paying the cash consideration referred to in (5) following;

	Assets			
	United	Commonwealth	Trimac	Pro-forma Consolidated Westburne International
Current				
Cash and bank	\$ 2,255	\$ 210	\$ 327	\$ 2,842
Accounts receivable – trade	12,647	5,295	1,765	19,707
Inventories – at lower of cost or realizable value	12,603	1,326	346	14,275
Prepaid expenses	69	52	689 ⁽³⁾	810
	27,574	6,883	3,127	37,634
Investments and Advances				
Shares and advances				
United Westburne Industries Limited	—	2,625 ⁽⁴⁾	—	— ⁽¹⁾
Associated companies	—	608 ⁽⁴⁾	172	780
Other	—	26	25	51
Notes and mortgages receivable	85	140	60	285
Agreements and notes receivable – shareholders and employees	—	500 ⁽⁹⁾	304 ⁽¹⁰⁾	804
Panarctic Oils Ltd.	—	188 ⁽⁴⁾	—	188
Deposits on purchase of shares	—	—	162 ⁽⁵⁾	162
	85	4,087	723	2,270
Fixed				
Land, buildings plant and equipment	6,457	20,745	11,286	38,488
Less accumulated depreciation	1,696	2,255	5,044	8,995
	4,761⁽¹⁾⁽²⁾⁽³⁾	18,490⁽²⁾⁽⁵⁾	6,242⁽²⁾⁽⁴⁾	29,493
Oil properties and development expenditures – at cost	226	5,230	—	5,456
Less accumulated depletion	72	1,557	—	1,629
	154	3,673	—	3,827
Excess of cost of investment in shares of subsidiary companies over book value of net assets	2,264 ⁽¹⁾	(578) ⁽¹⁾	981 ⁽⁶⁾	2,667
Financial expenses unamortized	—	—	—	200
	\$34,838	\$32,555	\$11,073	\$76,091

Approved on behalf of the Board:

(Signed) J. A. Scrymgeour, Director
(Signed) J. R. McCaig, Director

The accompanying notes to the financial statements of each of the above companies are an integral part of

TD. AND SUBSIDIARY COMPANIES

, 1968 after giving effect to the following adjustments

at December 31, 1968

of
Petroleum Services Ltd. and Trimac Transportation Limited
(dollars)

- (5) (a) The issue of 2,056,678 common shares of Westburne International Industries Ltd. and the payment of \$3,290,684 in cash in exchange for all of the 822,671 common shares of Commonwealth Petroleum Services Ltd. outstanding as at March 17, 1969;
- (b) The issue of 49,500 5% Cumulative Redeemable Convertible Preferred Shares Series Z, par value \$10.00 each, of Westburne International Industries Ltd. in exchange for the 9,900 5% Cumulative Redeemable Convertible Preferred Shares Series Z, par value of \$50.00 each, of Commonwealth Petroleum Services Ltd.;
- (6) The issue of 1,048,000 common shares of Westburne International Industries Ltd. in exchange for all of the 1,000 Class A common shares, all of the 220 Class B common shares, all of the 600 Class A preference shares and all of the 6,047 Class B preference shares of Trimac Transportation Limited outstanding as at March 17, 1969;
- (7) The charge to financial expense of an estimated maximum amount of \$200,000 related to the aforementioned share exchanges;
- (8) The consolidation of Westburne International Industries Ltd., United Westburne Industries Limited, Commonwealth Petroleum Services Ltd. and Trimac Transportation Limited on a pooling of interest basis after eliminating the 728,980 shares of Westburne International Industries Ltd. to be received by Commonwealth Petroleum Services Ltd. and its subsidiary companies.

Liabilities

	United	Commonwealth	Trimac	Pro-forma Consolidated Westburne International
Current				
Bank advances – secured	\$ 6,527 ⁽⁴⁾	\$ 3,619 ⁽⁶⁾	\$ 737 ⁽⁷⁾	\$ 14,174 ⁽¹⁾
Accounts payable and accrued	6,813	3,837	1,127	11,977
Income tax payable	734	645	129	1,508
Preferred dividends – January 1, 1969	47	–	–	47
Due to shareholder	–	–	64	64
Current portion – long term debt	109	–	1,031 ⁽⁸⁾	1,140
	14,230	8,101	3,088	28,910
Long term debt – non-current portion – secured				
Bank and other notes payable	–	1,619	2,069 ⁽⁸⁾	3,688
Mortgage loans	838	–	582 ⁽⁸⁾	1,420
7% Sinking Fund Debentures, Series "A"	4,275	–	–	4,275
7½% Sinking Fund Debentures, Series "B"	520	–	–	520
	5,633 ⁽⁵⁾⁽¹²⁾	1,619 ⁽⁶⁾⁽⁷⁾	2,651	9,903
Deferred income tax	– (2)	– (2)	911 ⁽²⁾	911
Minority interest	200 ⁽⁷⁾	242 ⁽⁸⁾	82 ⁽⁹⁾	3,520 ⁽¹⁾⁽³⁾

Shareholders' Equity

Capital	(8)	(9)	(10)	(2)
Authorized				
Issued	7,021 ⁽⁸⁾	838 ⁽⁹⁾	606 ⁽¹⁰⁾	4,529 ⁽¹⁾⁽²⁾⁽³⁾
Capital redemption reserve	84 ⁽⁹⁾	–	505 ⁽¹¹⁾	589
Contributed surplus	335 ⁽¹⁰⁾	–	391 ⁽¹²⁾	328 ⁽¹⁾⁽³⁾
Retained earnings	7,335	9,515	2,839	15,161 ⁽¹⁾⁽³⁾
Increment arising on appraisal of drilling rigs	–	12,240 ⁽⁵⁾	–	12,240
	14,775	22,593	4,341	32,847
	\$34,838	\$32,555	\$11,073	\$76,091

s statement and are referenced by number (in brackets) against the item to which the note refers.

WESTBURNE INTERNATIONAL INDUSTRIES
Pro-forma Consolidated Statement of Earnings for the five year period 1964 to 1968

**Consolidated Statement of
for
United Westburne Industries Limited, Commonwealth
(thousands)**

	United Dec. 31, 1964	Commonwealth Mar. 31, 1965	Trimac Dec. 31, 1964	Pro-forma Consolidated Westburne International	United Dec. 31, 1965	Commonwealth Mar. 31, 1966	Trimac Dec. 31, 1965	Pro-forma Consolidated Westburne International
Gross revenues	\$ 149	\$21,416	\$10,576	\$32,141	\$35,531	\$23,204	\$11,683	\$70,418
Operating income before the undernoted items	140	2,753	1,776	4,669	1,913	3,134	1,721	6,768
Provision for depreciation and depletion	2 ⁽²⁾	1,364 ⁽²⁾	654 ⁽²⁾	2,020	213 ⁽²⁾	1,610 ⁽²⁾	792 ⁽²⁾	2,615
Exploration expenditures written off	5	74	—	79	19	93	—	112
Interest on long term debt	—	54	26	80	60	79	41	180
Net earnings for the year before income tax	133	1,261	1,096	2,490	1,621	1,352	888	3,861
Provision for income tax:								
Current	—	204	499	703	749	152	354	1,255
Deferred	—	—	75	75	—	—	110	110
	— ⁽²⁾	204 ⁽²⁾	574 ⁽²⁾	778	749 ⁽²⁾	152 ⁽²⁾	464 ⁽²⁾	1,365
Net earnings for the year before extraordinary items assuming 100% share exchange	133	1,057	522	1,712	872	1,200	424	2,496
Extraordinary items:								
Gain (loss) on sale of investments	3,886	(2)	—	3,884	(40)	263	—	223
Gain (loss) on sale of fixed assets	—	6	—	6	—	123	59	182
Costs relating to issue of preferred shares and debentures including debenture discount	—	—	—	—	—	—	—	—
Loss on termination of activity of manufacturing subsidiary	3,886	4	—	3,890	(40)	386	59	405
Net earnings for the year before minority interest	4,019	1,061	522	5,602	832	1,586	483	2,901
Minority interest including preferred dividends of subsidiaries	—	44	5	62	—	106	—	122
Net earnings for the year assuming 100% share exchange	\$ 4,019	\$ 1,017 ⁽³⁾ \$	517	\$ 5,540	\$ 832	\$ 1,480 ⁽³⁾ \$	483	\$ 2,779

Assuming 80% share exchange for 1,326,970 of the outstanding shares
of United Westburne Industries Limited as at March 17, 1969 and
providing for increased minority interest

Net earnings before extraordinary items	\$ 1,632	\$ 2,210
Net earnings after extraordinary items	\$ 4,737	\$ 2,612

**Pro-forma Consolidated Earnings "per share" of Westburne
International Industries Ltd. and subsidiary companies**

(a) assuming 4,034,411 shares issued after share exchange for 100% of outstanding shares of United Westburne Industries Limited and elimination of shares received by Commonwealth Petroleum Services Ltd. and its subsidiary companies	Before extraordinary items	\$ 0.41	\$ 0.59
	After extraordinary items	\$ 1.37	\$ 0.69
(b) assuming 3,702,669 shares issued after share exchange for 80% of outstanding shares of United Westburne Industries Limited and elimination of shares received by Commonwealth Petroleum Services Ltd. and its subsidiary companies	Before extraordinary items	\$ 0.44	\$ 0.60
	After extraordinary items	\$ 1.28	\$ 0.71

The accompanying notes to the financial statements of each of the above companies are an integral part of

TD. AND SUBSIDIARY COMPANIES

clusive after giving effect to the headnotes to the Pro-forma Consolidated Balance Sheet

nd

arnings for the same period

uch of

petroleum Services Ltd. and Trimac Transportation Limited
(dollars)

United c. 31, 1966	Commonwealth Mar. 31, 1967	Trimac Dec. 31, 1966	Pro-forma Consolidated Westburne International	United Dec. 31, 1967	Commonwealth Mar. 31, 1968	Trimac Dec. 31, 1967	Pro-forma Consolidated Westburne International	United Dec. 31, 1968	Commonwealth Dec. 31, 1968	Trimac Dec. 31, 1968	Pro-forma Consolidated Westburne International
40,645	\$20,775	\$13,181	\$74,601	\$44,431	\$19,605	\$13,727	\$77,763	\$70,291	\$23,040	\$15,450	\$108,781
2,273	2,366	1,871	6,510	1,908	2,293	2,073	6,274	2,839	3,985	2,504	9,328
237 ⁽²⁾	1,585 ⁽²⁾	945 ⁽²⁾	2,767	238 ⁽²⁾	1,383 ⁽²⁾	1,193 ⁽²⁾	2,814	294 ⁽²⁾	1,498 ⁽²⁾	1,290 ⁽²⁾	3,082
—	61	—	61	—	28	—	28	—	20	—	20
58	78	94	230	292	100	165	557	406	110	261	777
1,978	642	832	3,452	1,378	782	715	2,875	2,139	2,357	953	5,449
1,040	82	419	1,541	630	288	282	1,200	1,116	691	361	2,168
—	—	(6)	(6)	—	—	52	52	—	—	90	90
1,040 ⁽²⁾	82 ⁽²⁾	413 ⁽²⁾	1,535	630 ⁽²⁾	288 ⁽²⁾	334 ⁽²⁾	1,252	1,116 ⁽²⁾	691 ⁽²⁾	451 ⁽²⁾	2,258
938	560	419	1,917	748	494	381	1,623	1,023	1,666	502	3,191
—	—	—	—	—	—	—	—	754	407	—	1,161
71	(190)	—	(119)	—	(24)	6	(18)	—	84	—	84
—	—	—	—	(436) ⁽²⁾	—	—	(436)	(56) ⁽²⁾	—	—	(56)
71	(190)	—	(119)	(436)	(24)	6	(454)	(100)	491	—	391
1,009	370	419	1,798	312	470	387	1,169	923	2,157	502	3,582
—	39	—	53	—	16	2	171	—	20	4	226
1,009	\$ 331 ⁽³⁾ \$	419	\$ 1,745	\$ 312	\$ 454 ⁽³⁾ \$	385	\$ 998	\$ 923	\$ 2,137 ⁽³⁾ \$	498	\$ 3,356

\$ 1,676	\$ 1,301	\$ 2,715
<u> </u>	<u> </u>	<u> </u>
\$ 1,544	\$ 936	\$ 3,172
<u> </u>	<u> </u>	<u> </u>

\$ 0.46	\$ 0.36	\$ 0.74
<u> </u>	<u> </u>	<u> </u>
\$ 0.43	\$ 0.25	\$ 0.83
<u> </u>	<u> </u>	<u> </u>

\$ 0.45	\$ 0.35	\$ 0.74
<u> </u>	<u> </u>	<u> </u>
\$ 0.42	\$ 0.25	\$ 0.86
<u> </u>	<u> </u>	<u> </u>

is statement and are referenced by number (in brackets) against the item to which the note refers.

WESTBURNE INTERNATIONAL INDUSTRIES

Pro-forma Consolidated Statement of Retained Earnings for the five year period 1964 to

Consolidated Statement of Retained

for

United Westburne Industries Limited, Commonwealth
(thousands)

	United Dec. 31, 1964	Commonwealth Mar. 31, 1965	Trimac Dec. 31, 1964	Pro-forma Consolidated Westburne International		United Dec. 31, 1965	Commonwealth Mar. 31, 1966	Trimac Dec. 31, 1965	Pro-forma Consolidated Westburne International
Balance beginning of year	\$ 896	\$10,808	\$ 1,042	\$ 7,999		\$ 4,647	\$11,825	\$ 1,509	\$13,222
Net earnings for the year	4,019	1,017 ⁽²⁾	517	5,540		832	1,480 ⁽²⁾	483	2,779
Add:									
Portion of appraisal increase realized through current year's depreciation	—	—	—	—		—	—	—	—
Gain on purchase for redemption of Series "A" Debentures at prices less than face value	—	—	—	—		—	—	—	—
Gain on purchase for cancellation of First Preferred "A" shares being balance of Purchase Fund Account	—	—	—	—		—	—	—	—
Deduct:									
Dividends									
Common	—	—	—	—		—	—	—	—
Preferred - United Westburne	—	—	—	—		(10)	—	—	—
Transfer to Capital Redemption Reserve	—	—	(50) ⁽¹¹⁾	(50)		—	—	—	—
Special write-off arising from the amalgamation of Commonwealth Petroleum Services Ltd. with Ace Oils Limited and Southwest Petroleum Company Limited	—	—	—	—		—	—	—	—
Retained earnings at December 31, 1963 of a subsidiary sold during 1964	(268)	—	—	(268)		—	—	—	—
Minority interest	—	—	—	1		—	—	—	—
Balance end of year	\$ 4,647	\$11,825	\$ 1,509	\$13,222		\$ 5,469	\$13,305	\$ 1,992	\$16,001

The accompanying notes to the financial statements of each of the above companies are an integral part of

TD. AND SUBSIDIARY COMPANIES

68 inclusive after giving effect to the headnotes to the Pro-forma Consolidated Balance Sheet

d

arnings for the same period

ch of

roleum Services Ltd. and Trimac Transportation Limited

dollars)

United Dec. 31, 1966	Commonwealth Mar. 31, 1967	Trimac Dec. 31, 1966	Pro-forma Consolidated Westburne International	United Dec. 31, 1967				Pro-forma Consolidated Westburne International	United Dec. 31, 1968				Pro-forma Consolidated Westburne International
				Commonwealth Mar. 31, 1968	Trimac Dec. 31, 1967	Pro-forma Consolidated Westburne International	Commonwealth Dec. 31, 1968	Trimac Dec. 31, 1968	Pro-forma Consolidated Westburne International	Commonwealth Dec. 31, 1968	Trimac Dec. 31, 1968	Pro-forma Consolidated Westburne International	
5,469	\$13,305	\$ 1,992	\$16,001	\$ 6,468	\$13,636	\$ 2,411	\$17,746	\$ 6,629	\$ 7,499	\$ 2,751	\$12,357		
1,009	331 ⁽²⁾	419	1,745	312	454 ⁽²⁾	385	998	923	1,565 ⁽²⁾	498	2,786		
—	—	—	—	—	—	—	—	—	453 ⁽⁵⁾	—	—	453	
—	—	—	—	—	—	—	—	44 ⁽⁵⁾	—	—	—	44	
—	—	—	—	—	—	—	—	17 ⁽⁸⁾	—	—	—	17	
(10)	—	—	—	(151)	(234)	—	—	(194)	(2)	—	—	(2)	
—	—	—	—	—	—	(45) ⁽¹¹⁾	(45)	(84) ⁽⁹⁾	—	(410) ⁽¹¹⁾	(494)		
—	—	—	—	—	(6,357)	—	(6,357)	—	—	—	—		
—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	—	15	—	—	—	—		
6,468	\$13,636	\$ 2,411	\$17,746	\$ 6,629	\$ 7,499	\$ 2,751	\$12,357	\$ 7,335	\$ 9,515	\$ 2,839	\$15,161		

s statement and are referenced by number (in brackets) against the item to which the note refers.

WESTBURNE INTERNATIONAL INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES
NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1968
After giving effect to Headnotes to the Pro-forma Balance Sheet

1. PRINCIPLES OF CONSOLIDATION:

- (a) The pro-forma consolidated financial statements are prepared to reflect a pooling of interest as if 100% of the common shares of each of United Westburne Industries Limited, Commonwealth Petroleum Services Ltd. and Trimac Transportation Limited had been acquired. The adjustments necessary to effect this accounting treatment make changes principally in the investment, minority interest and shareholders' equity sections of the statements and for this reason the statements cannot be cross-added.
- (b) As the fiscal period of Commonwealth Petroleum Services Ltd. ends March 31 and since consolidated financial statements have been prepared for this fiscal year in prior years the pro-forma consolidated statement of earnings includes consolidated earnings of Commonwealth Petroleum Services Ltd. restated for changes in accounting policy as explained in Note 3 of the Notes to Financial Statements of Commonwealth Petroleum Services Ltd. following herewith for the four fiscal periods ended March 31, 1968 combined with consolidated earnings of United Westburne Industries Limited and Trimac Transportation Limited for their four fiscal periods ended December 31, 1967 and the consolidated earnings for the full year ended December 31, 1968 with consolidated earnings of the other two companies for the same period. As a result of this presentation the consolidated earnings of Commonwealth Petroleum Services Ltd. for the three month period January 1, 1968 to March 31, 1968 are included in two places in the pro-forma consolidated statement of earnings.
- (c) For the same reason as explained above the pro-forma consolidated statement of retained earnings includes the consolidated restated earnings of Commonwealth Petroleum Services Ltd. for the four fiscal periods ended March 31, 1968 and actual earnings for the nine month period ended December 31, 1968. As Commonwealth Petroleum Services Ltd. has not booked the effect of the changes in accounting policy as explained in Note 3 of the Notes to Financial Statements of Commonwealth Petroleum Services Ltd. the retained earnings of that company as set forth on the statements do not agree with the books of the company except as at December 31, 1968.

2. (a) CAPITAL:

	Authorized Number	Issued Number	Amount
Preferred shares of a par value of \$10 each issuable in series	2,000,000		
Preferred shares designated out of the foregoing as 5% Cumulative Redeemable Convertible Preferred Shares Series Z	49,500	49,500	\$ 495,000
Common shares of a par value of \$1 each	10,000,000	4,763,391	\$4,763,391
Less common shares owned by subsidiaries		728,980	728,980
		<u>4,034,411</u>	<u>\$4,034,411</u>
			<u>\$4,529,411</u>

(b) SHARE PURCHASE WARRANTS, ETC.

179,624 common shares are reserved for issue upon the exercise of 179,624 Share Purchase Warrants Series A until March 15, 1977 for a cash consideration of \$6 per share; 198,000 common shares are reserved for issue upon the conversion of 49,500 5% Cumulative Redeemable Convertible Preferred Shares Series Z from January 1, 1973 to January 1, 1979; and 1,667 common shares are reserved for future exchange for a like number of United Westburne Industries Limited common shares which may be issued upon the exercise of an employee stock option for a consideration of \$3.81 per share until November 25, 1974. 15,000 additional common shares will be reserved for issuance upon the exercise of 15,000 Share Purchase Warrants Series B until April 1, 1979 for a cash consideration of \$14 per share. These warrants are to be exchanged for United Westburne Industries Limited Series B Share Purchase Warrants to be attached to the Series C Sinking Fund Debentures referred to in Note 12 of the Notes to Consolidated Financial Statements of United Westburne Industries Limited.

3. MINORITY INTEREST:

The Company has made offers to acquire all outstanding common shares of Commonwealth Petroleum Services Ltd. and United Westburne Industries Limited conditional on the acquisition of at least 90% of the common shares of Commonwealth Petroleum Services Ltd. and 80% of the common shares of United Westburne Industries Limited. The acquisition of 90% of Commonwealth Petroleum Services Ltd. common shares and 90% of United Westburne Industries Limited common shares should enable the Company to acquire the balance of the shares and it is therefore assumed that 100% of the common shares of both Commonwealth Petroleum Services Ltd. and United Westburne Industries Limited will be acquired. In the event that 100% of the common shares of Commonwealth Petroleum Services Ltd. and Trimac Transportation Limited and only 80% of the common shares of United Westburne Industries Limited are acquired, the changes in the minority interest and shareholders' equity section of the pro-forma consolidated balance sheet are as follows:

	100% of all common shares	Increase or (decrease)	Adjusted totals
Minority interest			
Preferred shares of subsidiary companies	\$ 3,197,250		\$ 3,197,250
Interest in common shares and retained earnings	322,281	{ \$ 331,742 \$ 2,050,726 }	2,704,749
	<u>\$ 3,519,531</u>		<u>\$ 5,901,999</u>
Shareholders' equity			
Capital — common shares	\$ 4,034,411	\$ (331,742)	\$ 3,702,669
Retained earnings and contributed surplus	\$15,488,565	\$(2,050,726)	\$13,437,839

UNITED WESTBURNE INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1968

1. PRINCIPLES OF CONSOLIDATION:

- (a) The accounts of all subsidiary companies have been consolidated with those of the parent company for the year ended December 31, 1968 and the consolidated statements of earnings and retained earnings for the five year period 1964 to 1968 inclusive include the results of operations of subsidiaries acquired or incorporated in 1964 and 1965 for the years 1965 to 1968 inclusive and the results of operations of subsidiaries acquired in 1967 for the 1968 year only. All material inter-company transactions have been eliminated.
- (b) For subsidiary companies owned prior to January 1, 1967 the excess of cost of investment in shares over the book value of net assets was established on the basis of the financial statements of the subsidiaries as at December 31, 1964 and after (a) reducing inventories at that date by approximately \$430,000 and (b) allocating \$589,000 of the purchase price to the cost of fixed assets and for subsidiary companies acquired during 1967 on the basis of audited financial statements as at December 31, 1967.

2. ACCOUNTING PRACTICES:

(a) Depreciation policy—

The subsidiary company with oil production has provided in the accounts for amortization of the cost of oil leases and development expenditures and for depreciation of equipment on the unit of production basis. All other subsidiary companies have claimed depreciation at the maximum rates allowable for income tax purposes except for the subsidiary formerly in manufacturing of plumbing and electrical fittings which did not provide any depreciation.

(b) Income taxes—

The subsidiary in oil production, as permitted by the Income Tax Act and Regulations, has claimed for income tax purposes, \$166,286 drilling and development expenditures and capital cost allowances in excess of the amounts recorded in the company's accounts. The company is of the opinion that the tax allocation basis of accounting for corporate income tax where there are timing differences between accounting income and taxable income is not appropriate for companies in the oil and gas industry and accordingly has provided for income tax in the accounts on the tax payable basis. If the tax allocation basis for accounting for income tax had been followed, the following provisions would have been made out of consolidated earnings —

	Consolidated Earnings	Deferred Income Tax	Adjusted Consolidated Earnings
1964	\$4,019,652	(\$2,500)	\$4,022,152
1965	831,163	25,214	805,949
1966	1,008,555	49,152	959,403
1967	311,942	10,336	301,606
1968	923,057	(1,459)	924,516
	<u>\$7,094,369</u>	<u>\$80,743</u>	<u>\$7,013,626</u>

An alternative method of providing for deferred income taxes in the oil and gas industry is to exclude the effect of timing differences related to drilling and development expenditures. On this basis the deferred income tax on timing differences related to capital cost allowance would have amounted to only \$3,875 for the five year period.

(c) Financing costs

The company has adopted the policy of charging to earnings, as an extraordinary expense, all costs of issue of debentures and preferred shares incurred during the year. This is a change in policy and the financial statement of 1967 has been restated to show the financing costs previously charged to retained earnings as an extraordinary charge to earnings.

3. FIXED ASSETS:

Details of fixed assets and the accumulated depreciation and depletion by major classification are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$1,134,470	\$ —	\$1,134,470
Buildings	3,833,770	741,893	3,091,877
Equipment	1,489,065	954,055	535,010
	<u>\$6,457,305</u>	<u>\$1,695,948</u>	<u>\$4,761,357</u>
	Cost	Accumulated Depletion	Net Book Value
Oil leases and development expenditures	<u>\$225,913</u>	<u>\$71,976</u>	<u>\$153,937</u>

4. BANK ADVANCES — SECURED:

Bank advances are secured by accounts receivable.

5. LONG TERM DEBT — NON-CURRENT PORTION:

(a) 7% Sinking Fund Debentures, Series "A".

The Company issued \$4,500,000 7% Sinking Fund Debentures, Series "A" dated March 15, 1967 maturing March 15, 1987. The debentures are redeemable prior to maturity, for other than sinking fund purposes, at the principal amount thereof plus a premium of 7% if redeemed prior to March 15, 1968, the premium thereafter decreasing by $\frac{3}{8}$ of 1% for each twelve month period or portion elapsed thereafter up to and including March 15, 1985 and thereafter and prior to maturity at the principal amount thereof.

The Company covenanted to provide a sinking fund sufficient to retire \$225,000 principal amount of such Series "A" Debentures on March 15 in each of the years 1971 to 1973, \$250,000 on March 15, 1974 and \$275,000 on March 15 in each of the years 1975 to 1986 inclusive.

The Company during the year purchased \$225,000 7% Sinking Fund Debentures, Series "A" and these debentures are held in safekeeping.

(b) 7½% Sinking Fund Debentures, Series "B".

The Company issued \$600,000 7½% Sinking Fund Debentures dated March 15, 1968 maturing August 1, 1982. The debentures are redeemable prior to maturity, for other than sinking fund purposes, at the principal amount thereof, plus a premium of 7½% if redeemed on or before August 1, 1968, such premium thereafter decreasing by $\frac{1}{2}$ of 1% for each twelve month period or portion thereof elapsed after August 1, 1968 to the date fixed for redemption up to August 1, 1981 and thereafter at the principal amount thereof.

The Company covenanted to provide a Sinking Fund sufficient to retire \$40,000 principal amount of debentures Series "B" on August 1 in each of the years 1968 to 1981. The Sinking Fund so provided was used in 1968 to retire \$40,000 principal amount of Series "B" Debentures. The \$40,000 principal amount to be retired in 1969 is shown as a current liability.

(c) Mortgage loans of subsidiaries carry interest rates varying from 6½% to 9% are payable in monthly instalments until 1989 and are secured by lands and buildings of subsidiaries. The total of monthly instalments of principal due in 1969 of \$68,874 is shown as a current liability.

6. LEASES ON REAL AND IMMOVEABLE PROPERTY:

The Company and its subsidiaries have entered into lease agreements for premises at annual rentals approximating \$330,000 and for various terms expiring up to August 1977.

7. MINORITY INTEREST:

Minority interest consists of 20,000 5% Cumulative Redeemable Preferred (non-participating) Class A shares of the par value of \$10 each of Saillant Inc.

8. CAPITAL:

	Authorized Number	Issued Number	Amount
(a) 6½% Cumulative Redeemable First Preferred "A" shares of a par value of \$50 each	60,000	58,325	\$2,916,250
Common shares of a par value of \$2.50 each	5,000,000	1,642,043	4,105,107
			<u>\$7,021,357</u>

(b) First Preferred "A" Shares

The company is required on February 1st in each year, commencing 1968, to set aside to the credit of a purchase fund account for the First Preferred "A" shares, an amount to provide a fund equal to 3% of the aggregate par value of the First Preferred "A" shares outstanding on the immediately preceding December 31 to be applied by the company to the purchase for cancellation of First Preferred "A" shares to the extent such shares are available for purchase, at a price not exceeding the amount paid up thereon plus costs of purchase. During the year the company applied the fund to the purchase for cancellation of 1,675 First Preferred "A" shares. The balance of the purchase fund account as at December 31, 1968 was \$16,683 and for statement purposes is combined with retained earnings.

(c) Common shares, share purchase warrants and share option plan

1. Share purchase warrants

The company reserved 180,000 Common shares to provide for the exercise of share purchase warrants which accompanied the Sinking Fund Debentures, Series "A" and Cumulative Redeemable First Preferred "A" shares. The share purchase warrants entitle the holders thereof to purchase said Common shares at a price of \$6 per share if exercised prior to March 15, 1977. During the year 136 Common shares were issued and 179,624 Common shares are reserved for the exercise of share purchase warrants in future years. The amount by which the purchase price of shares issued exceeded the par value has been credited to contributed surplus.

2. Stock option plan

Under the terms of a Stock Option Plan, 25,000 of the unissued Common shares of the company were set aside for the granting of options to employees. Options for 6,666-2/3 Common shares were exercised during the year at \$3 per share. Options to a director covering 16,666-2/3 Common shares at \$3 per share were exercised in January and February, 1969 and an option to an officer for 1,666-2/3 Common shares is exercisable at \$3.81 per share until November 25, 1974. The amount by which the option price of shares issued exceeded the par value has been credited to contributed surplus.

9. CAPITAL REDEMPTION RESERVE FUND:

As required by the Alberta Companies Act a Capital Redemption Reserve Fund equal to the par value of First Preferred "A" shares purchased for cancellation was created by a transfer from retained earnings of \$83,750.

10. CONTRIBUTED SURPLUS:

This account arose in 1967 as to the amount of \$328,500 on the conversion of 4,896,000 shares without nominal or par value into stock and the re-conversion of stock into 1,632,000 Common shares of a par value of \$2.50 each and to the extent of \$6,149 arising on the issue of shares on the exercise of employee stock options and share purchase warrants.

The following table sets forth these transactions:

1967 Stock reconversion	\$328,500
1967 Stock options and share purchase warrants	2,340
1968 Stock options and share purchase warrants	3,809
<hr/>	
	\$334,649

11. REMUNERATION OF DIRECTORS:

The aggregate direct remuneration of the directors and senior officers amounted to \$249,933.

12. LONG TERM DEBT AGREEMENT:

In November 1968 the company entered into an agreement to issue \$1,000,000 principal amount of 8½% Sinking Fund Debentures, Series "C" to be dated the date of delivery thereof, to mature on March 31, 1989. The debentures are to be redeemable prior to maturity, for other than Sinking Fund purposes, at the principal amount thereof, plus a premium of 8.40% if redeemed on or before March 31, 1970, such premium thereafter decreasing by 0.45 of 1% for each twelve month period or portion thereof elapsed thereafter to the date fixed for redemption up to March 31, 1987 and thereafter at the principal amount thereof. The Company covenanted to provide a Sinking Fund sufficient to retire \$50,000 principal amount of debentures on April 1 in each of the years 1970 to 1989 inclusive.

The Series "C" Sinking Fund Debentures are to be accompanied at the time of issue by 15,000 share purchase warrants Series "B" entitling the holder thereof to purchase 15,000 common shares of United Westburne Industries Limited at a price of \$14 per share until March 31, 1979. The funds to be derived by the issue of such Series "C" Debentures estimated at \$970,000 will be added to the working capital by way of reduction of bank indebtedness.

COMMONWEALTH PETROLEUM SERVICES LTD. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st DECEMBER, 1968

1. PRINCIPLES OF CONSOLIDATION:

During 1968 the Company acquired additional subsidiary companies through purchase of outstanding shares. Effective June 17, 1968 the Company acquired Caskey Oilfield Hauling Limited; effective July 15, 1968 and September 30, 1968, corporations now operating under the names of Commonwealth Drilling (Northern) Limited and Commonwealth Drilling (B.C.) Limited; effective November 30, 1968 Pan-Oceanic Drilling Ltd. and its subsidiaries; and effective November 30, 1968 World Wide Drilling Company Limited. The consolidated balance sheet includes assets and liabilities of all subsidiaries. The consolidated statement of earnings and retained earnings includes the results of operations of all subsidiaries except Pan-Oceanic Drilling Ltd. and its subsidiaries and World Wide Drilling Company Limited since for the purposes of the consolidation the acquisition date was deemed to be December 31, 1968.

All material inter-company transactions have been eliminated.

The excess of book value of assets in the subsidiaries over the investment in shares of subsidiaries amounts to \$578,364 and appears on the asset side of the balance sheet as a credit amount.

2. ACCOUNTING PRACTICES

(a) Statement of Earnings and Retained Earnings

The fiscal period of Commonwealth Petroleum Services Ltd. ends March 31. The attached five year statement of earnings includes the four years ended March 31, 1968 restated as per Notes 2(b) and 3 (a) together with the four year fiscal periods of United Westburne Industries Limited and Trimac Transportation Limited ended December 31, 1968. The consolidated earnings statement for December 31, 1968 includes twelve months' earnings restated as per Notes 2(b) and 3(a), thereby including the three month earnings of \$572,540 for the period January to March 1968 in two years of earnings statements. The statement of retained earnings includes the earnings as restated for the four years ended March 31, 1968 and the nine months' earnings for the period ended December 31, 1968.

(b) Depreciation and depletion

Prior to April 1, 1968 subsidiaries of the company in the drilling industry followed depreciation policies in regard to drilling assets which were not uniform. Effective April 1, 1968, coincidental with the recording in the accounts of an appraisal of drilling assets (Note 5 below), the following uniform depreciation policy was adopted.

Type of Assets	Basis of Depreciation and Depletion
(i) Drilling Assets — Rigs	Rate per drilling day to amortize appraised value plus additions at cost less residual value over estimated useful life.
(ii) Drill stem	Diminishing balance at 10% per annum.
(iii) Spare drilling equipment	Straight line basis at 10% per annum.

(iv) Buildings and other equipment, trucks, trailers, etc. Maximum rates allowed under income tax regulations.

(v) Production equipment Unit of production basis on estimated recoverable reserves.

(vi) Producing properties Unit of production basis on estimated recoverable reserves.

For income tax purposes the companies have claimed the maximum allowances permitted by the Income Tax Act and Regulations as explained in Note 2(c) following.

(c) Income taxes

The subsidiaries in oil drilling and production, as permitted by the Income Tax Act and Regulations, have claimed for income tax purposes, \$4,964,762 drilling and development expenditures, oil lease acquisition costs and capital cost allowances in excess of the amounts recorded as charges against income in the company's accounts. The company is of the opinion that the tax allocation basis of accounting for corporate income tax where there are timing differences between accounting income and taxable income is not appropriate for companies in the oil and gas industry and accordingly has provided for income tax in the accounts on the tax payable basis.

If the tax allocation basis for accounting for income tax had been followed, the following provision would have been made out of consolidated restated earnings for the five year period.

	Consolidated Earnings	Deferred Income Tax	Adjusted Consolidated Earnings
March 31, 1965	\$1,016,908	\$ 444,440	\$ 572,468
March 31, 1966	1,480,236	418,463	1,061,773
March 31, 1967	331,246	290,250	40,996
March 31, 1968	454,547	195,256	259,291
December 31, 1968 (Note 2(a))	2,137,227	233,063	1,904,164
	<u>\$5,420,164</u>	<u>\$1,581,472</u>	<u>\$3,838,692</u>

The above computations of deferred income tax are based on the actual claim for income tax purposes of drilling and development expenditures, oil lease acquisition costs and capital cost allowances as related to the amount of these expenses as restated for the purposes of the five year earnings statements (the basis for restatement of earnings is explained in Note 3 following). Since the effect of the restatement of earnings has not been recorded in the accounts the above deferred income tax does not agree with what would have been recorded in the accounts if the tax allocation basis had been used in the five year period.

An alternative method of providing for deferred income taxes in the oil and gas industry is to exclude the effect of timing differences related to drilling and development expenditures and oil lease acquisition costs. On this basis the provision for deferred income taxes out of consolidated earnings would have been as follows —

	Consolidated Earnings	Deferred Income Tax	Adjusted Consolidated Earnings
March 31, 1965	\$1,016,908	\$ 55,110	\$ 961,798
March 31, 1966	1,480,236	(14,616)	1,494,852
March 31, 1967	331,246	(251,416)	582,662
March 31, 1968	454,547	348,199	106,348
December 31, 1968 (Note 2(a))	2,137,227	220,180	1,917,047
	<u>\$5,420,164</u>	<u>\$ 357,457</u>	<u>\$5,062,707</u>

3. CHANGES IN ACCOUNTING PRACTICE:

(a) As mentioned in Notes 2 and 5, subsidiary companies in the drilling industry recorded appraisals of drilling assets effective April 1, 1968 and uniform depreciation policies were adopted. The five year consolidated statement of earnings has been restated to reflect the uniform depreciation policies effective April 1, 1968 as if they had been in effect for the previous periods. The restatement of earnings for the period has had the following effect on consolidated earnings —

	Increase	Decrease
March 31, 1965	\$116,305	
March 31, 1966	276,774	
March 31, 1967		\$142,235
March 31, 1968	227,521	
December 31, 1968 (Note 2(a))	51,272	
	<u>\$671,872</u>	<u>\$142,235</u>

4. INVESTMENTS AND ADVANCES:

(a) The investment of \$2,624,863 in shares of United Westburne Industries Limited represents the cost of 728,980 shares being approximately 44% of the outstanding shares of that company.

(b) Included in "Shares and Advances—Associated Companies" is the amount of \$104,490 for 4,800 shares of Island Drilling Inc. An option was granted in 1967 to a director to acquire, prior to February 19, 1971, 1,600 of these shares at the same price per share as was paid by the company.

(c) As a result of an agreement dated 25th November, 1967 a subsidiary company owns, as fully paid, 45,174 preferred shares with a par value of \$10 each and 11,294 common shares of Panarctic Oils Ltd. Under the agreement the subsidiary made a commitment to spend \$452,870 on exploration and drilling operations being carried out by certain shareholders of Panarctic Oils Ltd. on its lands in the Arctic Islands during the period October 1967 to September 1970. To date this subsidiary has spent \$188,228 of which \$145,305 was expended in the current year. The investment as set out is made up as follows:

Preferred shares — 45,174 at \$10 each	\$451,740
Common shares — 11,294 at 10 cents each	1,130
	<u>452,870</u>

Deduct

Deferred exploration and drilling commitment	
Payable on call prior to September 1970	
	<u>264,642</u>

Net investment to December 31, 1968	<u>\$188,228</u>
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5. FIXED ASSETS:

(a) The following table sets forth the assets and accumulated depreciation:

	Cost or Appraised Value	Accumulated Depreciation	Net Book Value
Land—at cost	\$ 140,264	\$ —	\$ 140,264
Building at cost	650,006	206,547	443,459
Drilling rigs and drilling string—at appraised value (see below)	16,970,640	581,036	16,389,604
General plant and equipment—at cost	1,856,901	1,020,384	836,517
Production equipment—at cost	1,126,887	446,914	679,973
	<u>\$20,744,698</u>	<u>\$2,254,881</u>	<u>\$18,489,817</u>

(b) Effective April 1, 1968 the subsidiaries in the drilling industry recorded an appraisal of their drilling assets prepared by A. B. Geddes P. Eng., an independent consultant on oilwell drilling and production equipment. The basis of the appraisal was fair market value in use. The appraisal resulted in the existing appraisal surplus being increased from \$1,798,548 to \$12,693,671 and all depreciation previously provided on drilling assets was reversed as part of the increase in appraisal surplus. Appraisal appreciation realized through current depreciation provisions or sale of assets, will be transferred to retained earnings. For the nine months period ended December 31, 1968 the portion of appraisal surplus realized through current provision for depreciation amounted to \$453,443.

6. **BANK ADVANCES SECURED:**

The bank advances are secured by accounts receivable, investments and production income.

7. **LONG TERM DEBT — NON-CURRENT PORTION:**

The non-current portion of long term debt is made up of the following:

Production loans from Royal Bank of Canada	\$1,528,000
Less portion shown as current bank advances	300,000
	<hr/>
	\$1,228,000
Equipment notes payable — terms of repayment	
not yet determined	\$ 378,771
Mortgage payable	12,237
	<hr/>
	\$1,619,008

8. **MINORITY INTEREST:**

Minority interest consists of the interest of minority holders of common shares of subsidiary companies.

9. **CAPITAL:**

(a) Shares authorized and issued.

	Authorized		Issued	
	Number	Number	Number	Amount
Preferred Shares of \$50 par value each issuable in series		240,000		
Preferred Shares designated out of the foregoing as				
5% Cumulative Redeemable Convertible Series Z	10,000	10,000		\$500,000
Preferred Shares (Subordinated Redeemable) of \$1 par value each	1,496,600			
Common Shares	5,000,000	822,671		337,821
				<hr/>
				\$837,821

(b) Preferred Shares Series Z.

By directors' resolution of November 14, 1968 the company designated 10,000 of the original 250,000 preferred shares of \$50 par value each as 10,000 5% Cumulative Redeemable Convertible Preferred Shares Series Z. On the same date the directors accepted subscriptions for the 10,000 5% Cumulative Redeemable Preferred Shares Series Z from a director, senior officers and senior employees of the company or of its subsidiaries or of its affiliated controlled corporation, accepting in full payment from each subscriber his 5% promissory note due on or before January 2, 1979. The holders of the 5% Cumulative Redeemable Preferred Shares Series Z have the right at any time after the 1st day of January, 1973 and before the close of business on the 31st day of December, 1979 to convert the Series Z Preferred Shares into fully paid common shares without nominal or par value of the company as constituted November 14, 1968 on the basis of five common shares for each Series Z Preferred Share.

(c) Preferred Shares Subordinated Redeemable.

On December 10, 1968 the company purchased from its subsidiaries, all the outstanding 1,003,400 subordinated redeemable preferred shares of the par value of \$1 each, the authorized and issued capital of the company being reduced by \$1,003,400 as a result of such purchase.

(d) Common Shares.

The company during the period issued 5,000 common shares without nominal or par value to a director for the balance, being one-third ($\frac{1}{3}$), of the outstanding shares of Adanac Drilling Ltd. not previously owned by the company at a value of \$38,750 determined by its directors on the basis of an independent appraisal of assets.

10. **CONTINGENT LIABILITIES:**

- (a) The company and certain subsidiaries are contingently liable as guarantors of the indebtedness of associated companies of \$296,517.
- (b) The company is contingently liable pursuant to a claim in the Supreme Court of Alberta for the repayment of \$20,650 and costs to the estate of a bankrupt in respect of which claim liability is not admitted.

11. **REMUNERATION OF DIRECTORS, ETC.:**

The aggregate direct remuneration of the directors and senior officers amounted to \$214,114.

12. **SUBSEQUENT EVENTS:**

- (a) A subsidiary, Excel Petroleum Ltd. holds a 40% undivided interest in two uranium prospecting permits covering an aggregate of 345,000 acres in north eastern Saskatchewan. Excel's interest in these permits was acquired in January 1969 under an agreement providing for the conduct of exploration work on the permit lands by Excel to the value of \$200,000 during 1969, \$400,000 during 1970, \$500,000 during 1971 and \$600,000 during 1972. Thereafter Excel's obligation is pro rata to its 40% interest in the lands and production therefrom. Expenditures are divided equally in each year between the permit areas and Excel may be relieved of all or part of its obligations in any year subsequent to 1969 to explore either or both permit areas by surrendering its interest in the whole permit area affected.
- (b) In January and February 1969 the Company became guarantors of loans and advances to associated companies to a maximum of \$1,765,926.

TRIMAC TRANSPORTATION LIMITED AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 1968

1. **PRINCIPLES OF CONSOLIDATION:**

The consolidated financial statements include the accounts of all subsidiary companies and, in the case of subsidiaries acquired since January 1, 1964, the consolidated statements of earnings and retained earnings reflect the operating results of such subsidiaries from their effective dates of acquisition or inception if formed by the Company. Oil and Industry Suppliers Ltd. was acquired effective June 30, 1964 and Municipal Tank Lines Limited was acquired effective December 31, 1967. Effective April 29, 1968 the Company acquired a 90% interest in South Transport (1968) Ltd. through the purchase of non-voting participating treasury shares. On May 10, 1968, South Transport (1968) Ltd. acquired the assets and busi-

nesses operated principally as South Transport. As the Company exercises effective financial and operational control over this company consolidation of its statements is considered appropriate.

All the operating subsidiaries have been wholly-owned since September 30, 1964 with the exception of Robertson Moving & Storage Ltd. and South Transport (1968) Ltd. each of which has a minority interest of 10%. The minority interest in a non-operating subsidiary, Stothert Holdings Ltd., is set forth in Note 9.

All material inter-company items have been eliminated on consolidation.

2. ACCOUNTING PRACTICES:

(A) Depreciation policy—

It is the policy of the Company and its subsidiaries to depreciate the cost of property, plant and equipment to its estimated residual value based on the following estimated useful lives of the assets:

Trailers	—straight line method 12% per annum	8 years
Power Units (Bulk Commodity Hauling)	—diminishing rates on cost method, rates diminishing from 26.4% to 10.8% in 5 years (total 79.2%). Depreciation rates of 8.4% and 7.2% are applied to units on hand in the 6th and 7th year	5 years
Power units (Furniture Hauling)	—straight line method 12% per annum	8 years
Buildings	—straight line method 4% per annum	25 years
Other equipment and fixtures	—uniform rate on diminishing balance method—20% to 30% per annum	5-10 years

The depreciation rates on vehicles hauling bulk commodities are designed to depreciate such costs over the estimated lives of the vehicles based on standard miles travelled. The estimated standard miles travelled for power units is 600,000 miles (10,000 miles per month) in 5 years and for trailers is 768,000 miles (8,000 miles per month) in 8 years. Accelerated depreciation is provided on power units travelling in excess of 10,000 miles per month and on trailers travelling in excess of 8,000 miles per month on an accumulative basis.

With the exception of other equipment and fixtures gains or losses on disposition are reflected in income as realized. Maintenance and repairs are charged to expense as incurred.

(B) Tire costs—

The costs of original tires and tubes on new revenue vehicles hauling bulk commodities, as well as all subsequent replacements and repair costs, are charged to prepaid tire expense and are written off to income relative to usage on a per mile basis.

(C) Income taxes—

The Company and its subsidiaries follow income tax allocation accounting whereby the income tax provision is based on reported income and the difference between the provision and the income taxes currently payable is deferred to future periods.

3. PREPAID EXPENSES:

The balance of prepaid tires (See Note 2B) at December 31, 1968 amounted to \$461,500.

In 1968 the companies adopted the common identification "Trimac". The costs of advertising and promoting "Trimac" of \$90,000 are being written off over a 12 month period. The deferred balance at December 31, 1968 of \$38,000 is included in prepaid expenses.

4. FIXED ASSETS:

The costs of fixed assets, accumulated depreciation and net book value at December 31, 1968 by major classification are as follows:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 381,300	\$ —	\$ 381,300
Buildings and yard improvements	891,400	143,400	748,000
Revenue producing tractors, trailers and equipment	9,273,600	4,465,300	4,808,200
Other equipment	739,600	435,500	304,200
	<u>\$11,285,900</u>	<u>\$5,044,200</u>	<u>\$6,241,700</u>

5. DEPOSITS ON PURCHASE OF SHARES:

This item represents deposits made on the purchases of all of the outstanding shares of two companies—

Mercury Tanklines Limited	\$ 150,000
Crone Moving and Storage Company Limited	12,000
	<u>\$ 162,000</u>

These purchases have not been effected, pending approval from various Regulatory Boards. The Company is obligated to cause its subsidiary, Stothert Holdings Ltd., to issue \$75,000 preferred shares at the date of closing of the acquisition of Mercury Tanklines Ltd.

Crone Moving and Storage Company Ltd. will, if acquired, become a wholly-owned subsidiary of Robertson Moving and Storage Ltd. (See subsequent events — Note 14.)

6. EXCESS OF COST OF INVESTMENT IN SHARES OF SUBSIDIARY COMPANIES OVER BOOK VALUE OF NET ASSETS:

The excess of the cost of the shares of subsidiaries over their underlying book values at dates of acquisition, after adjusting the subsidiaries' accounts to reflect the depreciation policy of the Company as referred to in note 2, amounting to \$950,600 at December 31, 1968 is related to acquisition of goodwill and operating authorities.

7. BANK ADVANCES — SECURED:

Demand bank loans in the amount of \$737,000 are secured by a general assignment of book debts and in addition a subsidiary has hypothecated its \$300,000 principal amount 6% floating charge debenture as additional security for its loan.

8. LONG TERM DEBT — NON-CURRENT PORTION:

Subsidiary Companies	Bank and other notes payable :	Principal	Current portion	Non-current portion
Conditional Sales Contracts on equipment purchases with interest rates varying from 8 1/4% to 12% repayable over periods ranging from 36 - 60 months from commencement		\$1,943,000	\$662,300	\$1,280,700

	Principal	Current portion	Non-current portion
Bank loan guaranteed by Trimac Transportation Limited, payable in annual instalments of \$200,000 with interest at current rates — presently 8 1/4 %	\$ 600,000	\$ 200,000	\$ 400,000
Notes and Agreements Payable:			
Shareholders — annual payments of \$36,000 to 1972 — 6%	144,000	36,000	108,000
Shareholders — due November 15, 1978 (or earlier if company elects) — 6%	150,000	—	150,000
Others — varying annual payments — interest 0% to 7% (including \$59,000 payable by Trimac Transportation Limited)	171,600	41,000	130,600
	\$3,008,600	\$939,300	\$2,069,300

Mortgage loans repayable over periods extending from 1969 to 1984 with interest at rates varying from 6% to 9 1/2% secured by charges against fixed assets	
	\$ 636,600
Minority Interest redemptions due within one year — Note 9	\$ 38,000
Total current portion of long term debt	\$1,031,400

9. MINORITY INTEREST:

Preferred shares of subsidiary company — Stothert Holdings Ltd.—1,140 7% non-cumulative, non-voting preferred shares with a par value of \$100 each				\$114,000
Less redemptions due within one year				38,000
Interest of minority holders of common shares in subsidiary companies				76,000
				6,000
				\$ 82,000

The Company is obligated to cause the preferred shares of Stothert to be redeemed in equal annual instalments of \$38,000 without interest or dividend.

10. CAPITAL:

	Authorized		Issued	
	Number	Amount	Number	Amount
Class "A" common no par value, voting	10,000	\$ —	1,000	\$ 1,000
Class "B" common no par value, non-voting	5,000	—	220	220
Class "A" preference \$1 par value, voting	10,000	10,000	600	600
Class "B" preference \$100 par value, non-cumulative non-voting redeemable at par with such premium as directors may decide	20,000	2,000,000	6,047	604,700
				\$606,520

During 1968 the Company issued 87 class "B" common shares to a senior officer and senior employees of the Company or its subsidiaries for a consideration of \$258,000 and accepted as full payment promissory notes payable without interest in annual instalments, as agreed upon, with full payment being required within 15 years (See Note 12). The amounts due on such notes at December 31, 1968, amounting to \$234,000, are included with agreements and notes receivable from shareholders in the amount of \$304,000.

During 1968 4,099 Class "B" preferred shares were redeemed at a consideration of \$409,900.

11. CAPITAL REDEMPTION RESERVE FUND:

In accordance with Section 61 of The Saskatchewan Companies Act an amount equal to the par value of preference shares redeemed has been transferred from retained earnings to capital redemption reserve fund on account of the redemption of 5,055 Class "B" preference shares as follows:

1964— 500 shares	\$ 50,000
1967— 456 shares	45,600
1968—4,099 shares	409,900
5,055	\$505,500

12. CONTRIBUTED SURPLUS:

This account arises from the sale of 220 Class "B" no par value common shares the consideration for which was allocated by the Board of Directors as follows:

Year	Shares issued	Consideration	Allocated to	
			Share capital	Contributed surplus
1963	133	\$133,000	\$133	\$132,867
1968	87	258,042	87	257,955
	220	\$391,042	\$220	\$390,822

13. REMUNERATION OF DIRECTORS:

The aggregate remuneration received by the directors and senior officers of the Company amounted to \$125,400 in 1968.

14. SUBSEQUENT EVENTS:

On March 10, 1969 a subsidiary, Stothert Holdings Ltd., entered into an agreement for the acquisition of all outstanding shares of Adby Transport Limited (including its wholly-owned subsidiary J. Kearns Transport Limited) for a total consideration of \$1,000,000 cash. In addition, as part of the transaction a newly constructed terminal at Edmonton is being acquired at a cost of \$360,000 by another subsidiary Trimac Investments Ltd. The acquisition is subject to the approvals of various Regulatory Boards which approvals are expected before April 30, 1969. Interim financing with interest at 8% has been negotiated with principal shareholders of Trimac Transportation Limited to provide the \$1,360,000 required to complete the transaction.

On March 17, 1969, Trimac Transportation Limited entered into an agreement to sell, subject to the approval of various Regulatory Boards, its 90% subsidiary, Robertson Moving & Storage Ltd. and its wholly-owned subsidiary Crone Moving and Storage Company Limited (see note 5) for a consideration of \$45,000. The net earnings (loss) of Robertson Moving & Storage Ltd. after deducting the minority interest therein were: 1964 — (\$3,600); 1965 — (\$30,800); 1966 — \$12,300; 1967 — \$48,400 and 1968 — \$9,100.

AUDITORS

The Auditors of the Company are Touche, Ross, Bailey & Smart, Chartered Accountants, Calgary, Alberta. Prior to June 1, 1969, Roberts, Gibson & Fraser, Chartered Accountants, Calgary, Alberta, acted as auditors of the Company.

OFFICERS AND DIRECTORS

The Officers and Directors of the Company are:

<u>Name</u>	<u>Office</u>	<u>Home Address</u>
John Alexander Scrymgeour	Chairman of the Board and Director	5929 Elbow Drive Calgary 9, Alberta
John Robert McCaig	President and Director	2320 Sunset Avenue Calgary 4, Alberta
Lucien Cornez	Executive Vice-President and Director	1755 Laird Boulevard Town of Mount Royal, Québec
Reginald Crone	Vice-President Finance and Director	6819 Lowell Court S.W. Calgary 10, Alberta
William Jackson Cummer	Secretary-Treasurer	2612 Lindstrom Drive S.W. Calgary, Alberta
Lorne Russell Roberts	Controller	431 Crescent Road Calgary, Alberta
Donald Mervyn Graves	Director Corporate Planning	248 Haddon Road S.W. Calgary, Alberta
Thomas Howard Atkinson, M.C.	Director	Mount Bruno, Québec
Joseph Beaubien	Director	4749 Upper Roslyn Avenue Montreal, Québec
William Melmoth Booth	Director	6174 Krameria Englewood, Colorado, U.S.A.
Francis Richard Matthews, Q.C.	Director	4612-5th Street S.W. Calgary, Alberta
Roger Woodrow McCaig	Director	13 Turnbull Place Regina, Saskatchewan
Abraham Palmer	Director	963 Mooney Crescent Ottawa, Ontario
Joseph Rimerman	Director	174 Eton Crescent Hampstead, Québec
Maurice Saillant	Director	480 Chemin St. Louis Québec, Québec
Ronald Donald Southern	Director	68 Massey Place Calgary, Alberta
Desmond Neil Stoker	Director	40 Forden Crescent Westmount, Québec
Druval W. Westcott	Director	616 South Drive Winnipeg, Manitoba

The occupation of each of the foregoing persons during the past five years is set forth in Pages 9 and 10 of the Information Circular, excepting for Lorne R. Roberts who was senior partner of Roberts, Gibson & Fraser during such period and prior to June 1, 1969, and who has acted as Controller for the Company since that date.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Westburne International Industries Ltd. hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

WESTBURNE INTERNATIONAL INDUSTRIES LTD.



Per: "J. R. McCaig",
President

Per: "W. J. CUMMER",
Secretary-Treasurer

DISTRIBUTION OF COMMON STOCK AS OF JULY 29th, 1969.

Number	Shareholders	Total shares	Shares
30	Holders of 1 — 24 share lots	421	
123	" " 25 — 99 " "	9,826	
179	" " 100 — 199 " "	18,876	
84	" " 200 — 299 " "	18,570	
30	" " 300 — 399 " "	9,472	
12	" " 400 — 499 " "	4,931	
54	" " 500 — 999 " "	20,315	
119	" " 1000 — up " "	3,485,247	
<hr/>			
<u>631</u>		<u>3,567,658</u>	

